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Notice of Hearing

Fatir Hussain Siddiqi, Saba Ansar Siddiqi and Shakir Siddiqi

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

¶1 A hearing will be held to give Fatir Hussain Siddiqi (Fatir Siddiqi), Saba Ansar Siddiqi (Saba Siddiqi) and Shakir Siddiqi (together, the Siddiqis) an opportunity to be heard before the British Columbia Securities Commission considers whether it is in the public interest to make the following orders:

1. under section 161(1)(b) of the Act that the Siddiqis be prohibited from purchasing and cease trading in any securities;
2. under section 161(1)(c) of the Act that the exemptions in sections 44 to 47, 74, 75, 98 and 99 of the Act do not apply to the Siddiqis;
3. under section 161(1)(d)(i) of the Act that Fatir Siddiqi and Saba Siddiqi resign any position that they hold as directors or officers of an issuer;
4. under section 161(1)(d)(ii) of the Act that Fatir Siddiqi and Saba Siddiqi are prohibited from becoming or acting as a director or officer of any issuer;
5. under section 161(1)(d)(iii) of the Act that Fatir Siddiqi is prohibited from engaging in investor relations activities;
6. under section 162 of the Act, that the Siddiqis pay an administrative penalty;
7. under section 174 of the Act that the Siddiqis pay prescribed fees and charges for the costs of or related to, the Hearing; and
8. any other order that may be appropriate in the circumstances.

Facts

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

1. Fatir Siddiqi is a businessman residing in Vancouver, British Columbia. Saba Siddiqi is Siddiqi's wife and also resides in Vancouver, British Columbia. Shakir Siddiqi (Shakir Siddiqi) is Fatir Siddiqi's father and resides in Edmonton, Alberta. Jefferey Dansill Eng (Eng) is an associate of Fatir Siddiqi and resides in Burnaby, British Columbia.

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2. AIS Resources Inc. is incorporated under the laws of the Bahamas, and at the material times was a reporting issuer under the Act and had its securities listed on the Canadian Venture Exchange (CDNX), now the TSX Venture Exchange (the TSXV).
3. Canop Tanzania Limited is incorporated under the laws of Alberta, and at the material times was a reporting issuer under the Act and had its securities listed for trading on TSXV.
4. Alan Smith and Winfred Roach are residents of Alberta. Smith and Roach indirectly controlled Floral Holdings Ltd. Floral owned approximately 1,970,000 or 49.7% of the outstanding shares of AIS. Smith also owned 18.2% of the outstanding shares of Canop, which represented the largest single block of Canop shares.
5. Canop had an interest in a Production Sharing Agreement (the PSA) under which it was granted certain exploration rights on property in Tanzania and was obliged to carry out exploration activities, including making millions of dollars of capital expenditures, by December 2001 (the Project).

Insider Trading

6. During the period from September 14, 2000 to October 12, 2000 (the Relevant Period), material facts (the Material Facts) in relation to the securities of AIS existed and material changes (the Material Changes) in the affairs of AIS occurred, including the following:
 - (a) Fatir Siddiqi and Smith were in serious discussions regarding Fatir Siddiqi's plan to acquire a controlling interest in AIS from Smith and Roach and use it as a vehicle to finance the Project;
 - (b) on or about September 21, 2000, Smith offered to sell a controlling interest in AIS to Fatir Siddiqi, the Siddiqis, or the Siddiqis and Eng (Siddiqi's Group);
 - (c) on or about September 21, 2000, or at some point between early September 2000 and October 5, 2000, Fatir Siddiqi and Smith reached an agreement in principle under which Smith and Roach would sell a controlling interest in AIS to Fatir Siddiqi, the Siddiqis or Siddiqi's Group at or below market price (the AIS Acquisition) and AIS would assume Canop's obligations and rights under the PSA;

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- (d) on October 5, 2000, Fatir Siddiqi or Siddiqi's Group entered into a formal agreement regarding the AIS Acquisition; under the agreement, all of the voting shares of AIS were to be registered in Saba Siddiqi's name; and
 - (e) on October 6, 2000, AIS signed a letter of intent with Canop under which AIS would assume Canop's obligations under the PSA and acquire the right to earn substantially all of Canop's interest in the Properties.
7. Fatir Siddiqi was in a special relationship with AIS within the meaning of sections 3 and 86(1)(a) of the Act during the Relevant Period because:
- (a) he acquired knowledge of the Material Facts and Material Changes from Smith, and knew or ought to have known of Smith's special relationship with AIS; and
 - (b) on or after October 5, 2000, Fatir Siddiqi was an insider of AIS since he:
 - (i) acquired direct or indirect beneficial ownership of, control or direction over or a combination of beneficial ownership and control or direction over more than 10% of the voting securities of AIS through Floral; or
 - (ii) was a director or officer of a person, namely either Floral or Siddiqi's Group, that had such ownership, control or direction.
8. During the Relevant Period, Fatir Siddiqi traded in securities of AIS, both through his own accounts and through an account registered in Shakir Siddiqi's name (together, the Siddiqi Accounts), with knowledge of the undisclosed Material Facts and Material Changes, before they were generally disclosed, contrary to section 86(1) of the Act.

Artificial Price and Misleading Appearance of Trading Activity

9. During the Relevant Period, Fatir Siddiqi engaged in the following series of transactions relating to trades in or acquisitions of securities of AIS (the Activities) (all figures are approximate):

Artificial Price

- (a) Siddiqi Accounts entered multiple bids early in each trading session to create the appearance of market interest, and entered many more bids than asks; whenever an unrelated party made an offer to sell, Siddiqi Accounts purchased the shares;

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- (b) Siddiqi Accounts made purchases that accounted for 67% of the “up-ticks” (purchases at a higher price than the last purchase) in the price of AIS shares;
- (c) Siddiqi Accounts made purchases or sales that resulted in 93% of the new price highs in AIS shares;

Misleading Appearance of Trading Activity

- (d) Siddiqi Accounts were involved in 45 of the 76 trades that occurred, and those trades comprised 80% of the total volume of shares traded; of those 45 trades, Fatir Siddiqi’s purchases represented 32% of the total number of shares purchased and his sales represented 53% of the total number of shares sold;
- (e) there were a total of 154 buy and 86 sell orders for AIS shares; on every trading day of the Relevant Period, Fatir Siddiqi entered at least one order, and often entered both buy and sell orders on the same day; 51 or 65% of the 78 unfilled buy orders and 7 or 70% of the unfilled sell orders were entered by Siddiqi Accounts;
- (f) on September 25, 2000, Fatir Siddiqi conducted a pre-arranged trade of 50,000 AIS shares; only 2000 other shares traded that day;
- (g) on September 26 and 29, 2000, Fatir Siddiqi conducted “wash trades” which are trades that did not result in a change of beneficial ownership, or that were between an account beneficially owned by Fatir Siddiqi and an account over which he had control or direction;
- (h) on September 27 and 29, 2000, there would not have been any trades but for Fatir Siddiqi’s buy and sell orders;
- (i) on October 2, 2000, without Fatir Siddiqi’s buy and sell orders, the number of shares traded would have been 4,015 instead of 9,615;
- (j) on October 3, 2000, without Fatir Siddiqi’s buy and sell orders, the number of shares traded would have been 3,000 instead of 22,000; and
- (k) between September 25 and October 12, 2000, Fatir Siddiqi sold 60,100 AIS shares which he did not own and for which he did not have the ability to provide proper settlement, without declaring the sales as short sales.

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10. The Activities contributed to the price of AIS shares rising from \$0.65 per share on the first day of the Relevant Period to \$2.25 per share on the last day of the Relevant Period.
11. The Activities frequently made no economic sense, and the pattern of trading cannot be explained by an intention to profit directly from the trading.
12. Fatir Siddiqi knew, or ought to reasonably have known, that the Activities resulted in or contributed to an artificial price for and a misleading appearance of trading activity in securities of AIS, which were securities traded in British Columbia, contrary to s. 57(a) of the Act.
13. Fatir Siddiqi artificially increased the trading activity in AIS shares to create and maintain an interest in the market for AIS shares. He artificially increased the price of the shares so he or the Siddiqis could sell AIS shares acquired under the AIS Acquisition at an increased price, either to help pay for the AIS Acquisition, simply to profit from the sales, or for other reasons.

Failure to Declare Short Position

14. Fatir Siddiqi sold AIS shares short without declaring the short position, contrary to s. 56 of the Act.

Illegal Distribution

15. On or about October 5, 2000, Fatir Siddiqi and Saba Siddiqi each became control persons of AIS and continued to trade in securities of AIS. All trades by Fatir Siddiqi and Saba Siddiqi while they were control persons were deemed to be distributions under section 1 of the Act. Fatir Siddiqi and Saba Siddiqi failed to file a prospectus, and no prospectus exemptions were available for those trades, with the result that they illegally distributed securities contrary to s. 61 of the Act.

Failure to File Early Warning Report

16. When the Siddiqis acquired a controlling interest in AIS on October 5, they failed to immediately issue a press release and file an early warning report within two business days of the acquisition as required by s. 111(1) of the Act.

Public Interest

17. Fatir Siddiqi acted contrary to the public interest by trading on the basis of material non-public information, manipulating the market for securities of AIS, failing to declare his short position on certain trades, failing to file an early warning reports and illegally distributing securities.

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18. Saba Siddiqi acted contrary to the public interest by illegally distributing securities, failing to file an early warning report and assisting Fatir Siddiqi to acquire control of AIS while she knew or ought to have known that he was insider trading and manipulating the market for securities of AIS.
19. Shakir Siddiqi acted contrary to the public interest by failing to file an early warning report and assisting Fatir Siddiqi to acquire control of AIS while Shakir Siddiqi knew or ought to have known that Fatir Siddiqi was insider trading and manipulating the market for securities of AIS.

Hearing

- ¶3 The Siddiqis or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, BC, on Wednesday, May 21, 2003 at 10:00 am if they wish to be heard before the Commission sets a date for the Hearing.
- ¶4 The Siddiqis may be represented by counsel at the Hearing and may make representations and lead evidence. They are requested to advise the Commission of their intention to attend by contacting the Commission Secretary at PO Box 10142, 5th Floor, 701 West Georgia Street, Vancouver, BC, telephone: (604 899-6500; or by e-mail at commsec@bcsc.bc.ca.
- ¶5 Determinations may be made in this matter if the Siddiqis or their counsel do not appear at the Hearing.
- ¶6 May 2, 2003
- “Stephen J. Wilson”
- ¶7 Stephen J. Wilson
Executive Director