

2003 BCSECCOM 389

Notice of Hearing

Wilfred Lorne Rast and RCW Financial Services Inc.

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

¶ 1 A hearing will be held (the Hearing) to give Wilfred Lorne Rast (Rast) and RCW Financial Services Inc. (RCW) (collectively the Respondents) 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)(c) of the of the *Securities Act*, RSBC 1996, c. 418, that any or all of the exemptions described in sections 44 to 47, 74, 75, 98 and 99 of the Act do not apply to the Respondents;
2. under section 161(1)(b) of the Act, that the Respondents cease trading in any securities or exchange contracts;
3. under section 161(1)(b) of the Act, that the Respondents be prohibited from purchasing any securities or exchange contracts;
4. under section 161(1)(d) of the Act, that Rast resign any position he holds as a director or officer of an issuer;
5. under section 161(1)(d) of the Act, that Rast be prohibited from becoming or acting as a director or officer of any issuer;
6. under section 161(1)(d) of the Act that the Respondents are prohibited from engaging in investor relations activities;
7. under section 162 of the Act that the Respondents pay an administrative penalty;
8. under section 174 of the Act, that the Respondents each pay the prescribed fees or charges of or related to the hearing; and
9. any other orders that may be appropriate in the circumstances.

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

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1. Rast was registered under the Act and employed as a representative by Sector Securities Inc. (Sector), a securities dealer registered under the Act. Rast was employed at Sector's Chilliwack, British Columbia branch from 1993 to 1998.
2. Rast was the sole director and officer of RCW, a British Columbia company incorporated on September 23, 1993 used by Rast as his personal holding company.
3. Between 1993 and 1998, Rast, acting in his capacity as a registered representative at Sector, carried out numerous schemes involving fraud, forgery and theft of client funds.
4. On January 24, 2001, an Information was sworn charging Rast with 21 counts of fraud, theft and forgery while he worked as a registered representative at Sector. The victims were clients of Rast's whom he had met through his family, community church and business ventures.
5. Rast entered guilty pleas in the Provincial Court of British Columbia to ten counts of theft over \$5,000 contrary to section 334(a) of the *Criminal Code of Canada*.
6. On January 27, 2003, Rast was sentenced to 3 years incarceration and a compensation order was made in respect of the approximately \$500,000 that Rast had stolen from clients while employed at Sector.
7. In its sentencing reasons, the Court noted that the usual pattern of clients investing through Sector was, when purchasing investments such as mutual funds, for the client to provide a cheque payable to either Sector or directly to an individual fund. Rast, however, requested his clients to make their cheques payable to his personal company, RCW. Rast did not purchase securities on his clients' behalf, but rather retained the funds and used them for his own purposes. Further, in many instances, Rast's clients received falsified statements indicating that they held certain investments as they had directed him to purchase, when in fact no such purchases had ever been made for the clients.
8. The Respondents engaged in transactions or series of transactions, which perpetrated frauds on persons in British Columbia contrary to section 57 and 57.1 of the Act.
9. Rast failed to deal fairly, honestly and in good faith with his clients contrary to section 14(2) of the *Securities Rules*, B.C. Reg. 194/97 as amended.

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10. The Respondents' conduct as set out in this notice was contrary to the public interest and damaging to the capital markets in British Columbia such that their continued participation in the capital markets of British Columbia is contrary to the public interest.

¶ 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 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.

¶ 4 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Wednesday, June 18, 2003 at 9:00 am if they wish to be heard before the Commission sets a date for the Hearing.

¶ 5 Determinations may be made in this matter if the Respondents, or their counsel, do not appear at the Hearing.

¶ 6 May 29, 2003

¶ 7 Stephen J. Wilson
Executive Director