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Further Amended Notice of Hearing

L.O.M. Medical International, Inc. and John Klippenstein

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

- ¶ 1 A hearing (the Hearing) will be held to give L.O.M. Medical International, Inc. (L.O.M.) and John Klippenstein (Klippenstein) 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. pursuant to section 161(1)(b) of the *Securities Act*, RSBC 1996, c. 418 that L.O.M. and Klippenstein cease trading in any securities;
 2. pursuant to section 161(1)(c) of 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 L.O.M. and Klippenstein;
 3. pursuant to section 161(1)(d)(i) of the Act that Klippenstein resign any position that he holds as a director or officer of any issuer;
 4. pursuant to section 161(1)(d)(ii) of the Act that Klippenstein be prohibited from becoming or acting as a director or officer of any issuer;
 5. pursuant to section 161(1)(d)(iii) of the Act that Klippenstein be prohibited from engaging in investor relations activities;
 6. pursuant to section 162 of the Act that L.O.M. and Klippenstein pay an administrative penalty;
 7. pursuant to section 174 of the Act that L.O.M. and Klippenstein 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.
- ¶ 2 The Commission will be asked to consider the following facts and allegations in making its determination:

L.O.M. and Klippenstein

1. L.O.M. was incorporated in the State of Delaware on March 17, 1997, has its head office in Kelowna, British Columbia, and is not a reporting issuer under the Act. L.O.M. has never been registered in any capacity under the Act.

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2. L.O.M. purports to be in the business of developing a retractable syringe and other related medical and health care products and technologies.
3. At all material times, Klippenstein was, and still is, the president, controlling shareholder, and a director of L.O.M. Klippenstein has never been registered in any capacity under the Act.
4. L.O.M. has financed its activities by raising equity and as of December 2000 had approximately 750 investors.
5. During the period from at least October 31, 1996 through to March, 2003, (the Relevant Period) L.O.M. distributed approximately 1,037,116 of its common shares (the L.O.M. Securities), with prices ranging from approximately US \$1.00 to US \$3.25, to 344 British Columbia residents (the Investors).
6. The amount that L.O.M. raised from the Investors through the distribution of the L.O.M. Securities was approximately US \$1,255,015.91, plus CDN \$238,531.70.
7. L.O.M. Securities have never been listed and posted on any exchange or quoted on any quotation and trade reporting system.
8. On or about January 2000, Klippenstein knew or ought to have known that L.O.M. failed to be eligible for quotation on the Over-the-Counter Bulletin Board (OTCBB).
9. Throughout the Relevant Period, Klippenstein represented to Investors that L.O.M. would be listed within a very short time on various exchanges or quoted on the OTCBB.
10. During the Relevant Period Klippenstein represented to Investors that the price of L.O.M. Securities would increase from the purchase price.
11. Throughout the Relevant Period, Klippenstein continued to sell securities of L.O.M. without disclosing to Investors the true state of the eligibility of the L.O.M. to meet requirements to be listed and posted on any exchange or quoted on any quotation system

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Securities Regulation History

12. In November of 1993, the Saskatchewan Securities Commission (SSC) issued an Order against Klippenstein, for his role in the unregistered distribution of securities of three companies related to L.O.M., namely, Lens-O-Matic Inc., L.O.M. Inc., and L.O.M. Laboratories Inc. in Saskatchewan. The SCC's order removed certain trading exemptions from Klippenstein for a period of five years.

Rescission Offer

13. In 2001, LOM and Klippenstein had discussions with British Columbia Securities Commission staff regarding compliance with the Act. On August 10, 2001, L.O.M. delivered a notice to the Investors providing them with a right to rescind their purchase of the L.O.M. Securities and to receive a full refund of the amount paid to L.O.M. (the Rescission Offer).

14. As of April 26, 2002 L.O.M. had refunded a total of CDN \$21,563.42 and US \$25,925.37 to 25 of the 59 Investors that had accepted the Rescission Offer. LOM did not have sufficient financing to provide refunds to all the Investors who accepted the Rescission Offer.

Breaches of the Act

15. L.O.M. did not file a prospectus under the Act, nor was L.O.M. able to rely upon any statutory exemptions from the registration and prospectus requirements of the Act, to distribute the L.O.M. Securities in British Columbia, contrary to sections 34(1) and 61(1) of the Act (the Illegal Distributions).

16. Klippenstein knowingly participated in the Illegal Distributions by trading in the L.O.M. Securities without being able to rely upon any statutory exemption from the registration requirements of the Act, contrary to section 34(1) of the Act.

17. Neither L.O.M. nor Klippenstein has advised commission staff of the exemptions from registration or prospectus requirements it relied upon despite many requests from staff to do so.

18. During the period from at least October 31, 1996 to the present, Klippenstein gave an undertaking relating to the future value or price of the L.O.M. Securities to residents of British Columbia contrary to section 50(1)(b) and 50(1)(d) of the Act.

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19. In the absence of a proper factual basis, Klippenstein represented to shareholders and potential shareholders that the L.O.M. Securities would eventually be posted and listed for trading on a stock exchange and would trade at prices higher than those at which they could be purchased, contrary to sections 50(1)(c) and 50(1)(d) of the Act.
20. During the Relevant Period, Klippenstein made, or ought reasonably to have known he was making, these and other misrepresentations with the intent of effecting the trade of L.O.M. Securities to residents of British Columbia, contrary to section 50(1)(c) and 50(1)(d).
21. During the Relevant Period, Klippenstein engaged in, or ought reasonably to have known he was engaging in, an unfair practice with the intent of effecting the trade of L.O.M. Securities to residents of British Columbia contrary to section 50(1)(e) of the Act.
22. During the Relevant Period, Klippenstein engaged in a series of transactions relating to trading in the securities of L.O.M. when he:
 - (a) represented that L.O.M. would be listed and posted on an exchange or quoted on any quotation system when he knew or ought to have known that L.O.M. did not meet the requirements to be listed and posted;
 - (b) represented that the price of L.O.M. Securities would increase substantially, when he knew or ought to have known there was no basis or no reasonable basis for that belief; and
 - (c) accepted investments from Investors when he knew or ought to have known that L.O.M. did not meet the requirements to be listed or posted.
23. In conducting himself as alleged in paragraph 22 above, Klippenstein concealed from Investors the true risk of investing in L.O.M. and perpetrated a fraud on persons in British Columbia, contrary to section 57(b) of the Act,

¶ 3 L.O.M. and Klippenstein may be represented by counsel at the Hearing, and make representations and lead evidence. L.O.M. and Klippenstein 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.

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- ¶ 4 L.O.M. and Klippenstein, or their counsel, are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Monday, August 18, 2003, at 10:00 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 L.O.M. and Klippenstein, or their counsel, do not appear at the Hearing.
- ¶ 6 July 30, 2003
- ¶ 7 Stephen J. Wilson
Executive Director