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Notice of Hearing

Ronald Stephen Barker and Double Eagle Investments Inc.

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

- ¶ 1 A hearing will be held (the Hearing) to give Ronald Stephen Barker (Barker) and Double Eagle Investments Inc. (Double Eagle) (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)(b) of the *Securities Act*, RSBC 1996, c. 418 (the Act) that all persons cease trading in the securities of Double Eagle;
 2. under 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 the Respondents;
 3. under section 161(1)(d)(i) of the Act that Barker resign any position he holds as a director or officer of any issuer;
 4. under section 161(1)(d)(ii) of the Act that Barker be prohibited from becoming or acting as a director or officer of any issuer;
 5. under section 161(1)(d)(iii) of the Act that the Respondents be prohibited from engaging in investor relations activities;
 6. under section 162 of the Act that the Respondents pay an administrative penalty;
 7. under section 174 of the Act that the Respondents pay the prescribed fees or charges of, or related to, the hearing; and
 8. any other orders as may be appropriate in the circumstances.

Facts

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

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Barker and Double Eagle

1. Barker resides in Kamloops, British Columbia and is the founder, director, and officer of Double Eagle. Barker was the only person who conducted business on behalf of Double Eagle.
2. In addition to conducting the business of Double Eagle, in 1998, Barker was employed as a registered mutual fund representative by the Investment Planning Counsel of Canada (IPC, formerly MoneyWatch Canada). On January 31, 2001 Barker transferred to Investia Financial Services (Investia). Barker resigned his position with Investia on or about April 9, 2003.
3. Barker was registered under the Act from November 28, 1998 to April 9, 2003 only to sell mutual funds. Barker has not been registered in any capacity under the Act since April 9, 2003.
4. Double Eagle is a private company with its office in Kamloops, British Columbia. Double Eagle is a non-reporting issuer and was incorporated in British Columbia on October 15, 1996. Gail Barker, Barker's spouse, is the only other director of Double Eagle.
5. Double Eagle purports to be a company that finances corporate leases for office equipment. Double Eagle has never been registered in any capacity under the Act.

Other Barker Entities

6. Barker is the sole principal of two other companies (collectively, the Barker Entities):
 - (a) The Barker Agency (the Barker Agency); and
 - (b) Golfland Property Ltd. (Golfland).
7. The Barker Agency was incorporated as a British Columbia company on November 26, 1990. Barker sold life insurance products through the Barker Agency.
8. Barker had a license with the Insurance Council of British Columbia to sell insurance products. As of June 4, 2003, Barker voluntarily surrendered his license.

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9. Golfland is a British Columbia company incorporated on December 23, 1998. Golfland was a golf store located at 1619 Valleyview Drive in Kamloops. In April 2002 Barker sold the assets of Golfland.

Barker and Double Eagle were not Registered

10. Barker sold shares of Double Eagle and raised approximately \$2.3 million from 56 investors (the Investors), primarily from the Kamloops area, during the period from November 19, 1996 through to August 2002 (the Relevant Period).
11. During the Relevant Period, Barker and Double Eagle traded in securities of Double Eagle without registration or an exemption from registration under the Act, contrary to section 34(1) of the Act. Barker and Double Eagle distributed securities of Double Eagle without filing a prospectus and without an exemption from the prospectus requirements under the Act, contrary to section 61(1) of the Act.
12. Barker was not registered as an adviser under the Act. The majority of the Investors were Barker's life insurance clients. Barker told most of the Investors about Double Eagle and advised them to buy securities of Double Eagle, contrary to section 34(1)(c) of the Act.

Misrepresentations and Fraud

13. During the Relevant Period, Barker represented to the Investors that money invested in Double Eagle would earn returns of approximately 12% and with low risk to their principal amount invested. Barker represented to Investors that interest would be paid annually by way of a dividend. Barker failed to pay interest or return the principal to many of the Investors.
14. Barker made statements and provided written information to Investors indicating that funds raised from the purchase of shares in Double Eagle would be invested in leases for office equipment. Barker used approximately \$1.65 million of the \$2.3 million raised from the sale of Double Eagle shares for purposes other than financing corporate leases.
15. Barker did not disclose to the majority of Investors that the approximately \$1.65 million was not used to finance corporate leases for office equipment but was invested in the stock market, in seed capital for a start up mining company, loaned to local nightclubs, loaned to individuals/friends of Barker, loaned to the Barker Entities and to Barker personally, as follows:

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- (a) In 1996, Double Eagle entered into a lease agreement with Johnny's Hi-Tek Golf Centre (Johnny's) for two golf simulators (the Simulators). Johnny's defaulted on the lease and Barker took possession of the Simulators for use in Golfland without paying Double Eagle the outstanding balance owing of \$95,200;
 - (b) In or about 1997, Barker caused Double Eagle to invest \$150,000 in seed capital for a start up mining company;
 - (c) In or about 1997, Barker caused Double Eagle to pay a local pool company \$15,000 for the installation of a swimming pool at Barker's residence;
 - (d) During the Relevant Period, Barker caused Double Eagle to make payments in the amount of \$233,000 to Barker's personal brokerage account and funds were invested in stocks, including a number of venture mining companies;
 - (e) In 1998, Barker purchased shares of an Over the Counter Bulletin Board company in the amount of \$50,000;
 - (f) In 1998, Barker used Double Eagle funds in the amount of \$375,000 and loaned it to two local nightclubs and approximately \$260,000 remains outstanding;
 - (g) Barker used Double Eagle funds to make personal loans to third parties, which were generally unsecured and unrecorded, with an amount outstanding of approximately \$158,000; and
 - (h) Approximately \$680,000 of funds raised through Double Eagle was loaned to Golfland, the Barker Agency or Barker personally (the Golfland Loan). Documents from Barker indicate that approximately \$51,000 of the Golfland Loan was repaid to Double Eagle leaving approximately \$629,000 outstanding.
16. Barker caused Double Eagle to accept investments from some Investors when he was aware that the company was not profitable. In late 2000 through to June 2002, Barker sold securities of Double Eagle to at least four additional investors by representing that their funds would be used to finance corporate leases for office equipment. The majority of the money raised was paid to Barker or the Barker Entities, or was used to repay the interest or principal of existing shareholders.

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17. Barker did not disclose to Investors that the funds they invested in Double Eagle might be used to pay interest and capital due to existing Investors.

Commission Investigation

18. During the course of the Commission investigation, Barker provided Commission staff with documents that were incomplete, inaccurate or contained erroneous information.

Breaches of the Act

- ¶ 3 By engaging in the conduct as set out above, during the Relevant Period, Barker and Double Eagle acted contrary to the public interest and breached the Act as follows:
19. Barker and Double Eagle traded in securities of Double Eagle without registration and without an exemption from the registration requirements of the Act, contrary to section 34(1) of the Act;
20. Barker and Double Eagle distributed securities of Double Eagle without filing a prospectus and without an exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act;
21. Barker acted as an adviser with regard to investments in or purchases of Double Eagle without registration and without an applicable exemption from the registration requirements of the Act, contrary to section 34(1)(c);
22. Barker made statements with the intention of effecting a trade in securities, which he knew or ought to have known were misrepresentations, contrary to section 50(1)(d) of the Act, as outlined in paragraphs 13 to 18,
23. Barker engaged in transactions or series of transactions which perpetrated a fraud on persons in British Columbia, contrary to section 57(b) of the Act, as outlined in paragraphs 13 to 18,
- ¶ 4 Barker and Double Eagle or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, BC, on Wednesday, March 3, 2004 at 9:00 am if they wish to be heard before the Commission sets a date for the Hearing.
- ¶ 5 Barker and Double Eagle may be represented by counsel at the Hearing, and make representations and lead evidence. Barker and Double Eagle 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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¶ 6 Determinations may be made in this matter if Barker and Double Eagle, or their counsel, do not appear at the Hearing.

¶ 7 January 14, 2004

¶ 8 Stephen J. Wilson
Executive Director