

# 2006 BCSECCOM 411

## Notice of Hearing

**Lionel Mervin Negus, Christopher John Thompson,  
Parklane International Corporation, Orion Ventures Inc.,  
Rockwell Holdings Ltd., Edgemont Developments Ltd.,  
and Kevin Wilson**

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

- ¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418, based on the following facts and allegations.
- ¶ 2 The Executive Director alleges the following conduct and activity.

#### **Respondents**

1. Lionel Mervin Negus (Negus) and Christopher John Thompson (Thompson) are residents of West Vancouver, British Columbia. Thompson is Negus' son.
2. Parklane International Corporation and Orion Ventures Inc. are offshore corporations that Negus and Thompson managed and operated from their residences in West Vancouver, British Columbia. They conducted all their business with potential investors and investors under the name Parklane. (In this Notice, Parklane refers to both Parklane International Corporation and Orion Ventures Inc.)
3. Rockwell Holdings Ltd. (Rockwell) and Edgemont Developments Ltd. (Edgemont) are British Columbia companies managed and operated by Negus from his residence in West Vancouver, British Columbia. Rockwell and Edgemont received the fees that Parklane earned and paid its expenses.
4. Kevin Wilson (Wilson) is a resident of Vancouver, British Columbia. He was employed by Parklane at its offices in West Vancouver, British Columbia.
5. None of the Respondents has ever been registered under the Act.

#### **Unregistered Distribution**

6. The Respondents solicited investors to purchase securities (Securities) of Syndicated Gold Depository S.A. (SGD), facilitated investments in SGD, and distributed to investors monthly statements from SGD that showed the status of each investor's account at SGD.

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7. From approximately September 2000 to March 2004, the Respondents solicited 64 investors (Investors) who invested approximately USD \$11.5 million in the Securities.
8. All but three of the Investors were resident outside Canada. Most were resident in the United States. SGD required Investors who resided in the United States or Canada to incorporate a company offshore to purchase the Securities.
9. SGD is not a reporting issuer under the Act. SGD has never filed a preliminary prospectus, prospectus or offering memorandum with the Commission or made application for an exemption from the registration and prospectus requirements of the Act.

### **Fraudulent Misrepresentations**

10. To induce Investors to purchase the Securities, the Respondents knowingly misrepresented their expertise and the inquiries they made into the merits of an investment in the Securities.

### **Misrepresentations**

11. Based on information from SGD, the Respondents made representations to Investors about the Securities. The Respondents failed to advise Investors that the Respondents had no evidence to support those representations and that when they requested evidence SGD denied their request.
12. The Respondents failed to advise Investors about some of the commissions and fees Parklane was to receive from SGD in respect of the Investors' investments in the Securities.

### **Breaches of the Act**

13. Through their conduct and the activity described in this Notice of Hearing, the Respondents:
  - (a) traded in securities without being registered, contrary to section 34(1) of the Act;
  - (b) distributed securities without a prospectus, contrary to section 61 of the Act;
  - (c) made misrepresentations contrary to section 50(1)(d) of the Act; and
  - (d) perpetrated a fraud against the Investors, contrary to section 57.1 (b) of the Act.

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### **Hearing Process**

- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender 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 Thursday, July 20, 2006, at 11:00 am if they wish to be heard before the Commission sets a date for the Hearing.
- ¶ 5 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.
- ¶ 6 June 28, 2006
- ¶ 7 Brenda M. Leong  
Executive Director