

2007 BCSECCOM 444

Temporary Order and Amended Notice of Hearing

**International Fiduciary Corp., S.A., Daniel Eric Byer,
Malcolm Cameron Boyd Stevenson, and Preston Pinkett II**

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

¶ 1 The Commission will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against International Fiduciary Corp., S.A., Daniel Eric Byer, Malcolm Cameron Boyd Stevenson, and Preston Pinkett II under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418, based on the following facts:

¶ 2 **Background**

1. International Fiduciary Corp., S.A. (IFC) is a Virginia, USA corporation that is not registered to do business in British Columbia or Canada. It has offices in Arlington, Virginia, USA.
2. Preston Pinkett II (Pinkett) is a resident of Virginia, USA. He is a director of IFC.
3. Malcolm Cameron Boyd Stevenson (Stevenson) is a resident of Abbotsford, British Columbia and an authorized signatory for IFC.
4. Daniel Eric Byer (Byer) is a resident of Abbotsford, British Columbia.

Illegal Trading and Distribution of Securities

5. IFC offers an investment opportunity to residents of British Columbia (the IFC Investment). The IFC Investment is a security. It purports to be a minimum \$100,000 U.S. investment in an “asset growth program” that buys and sells “1st Tier medium-term bank notes” yielding a monthly return of 6%.
6. Between April 2004 and November 2006, at least eighty-nine investors in British Columbia have invested over \$23,000,000.00 U.S. in the IFC Investment.
7. IFC, Byer, Stevenson and Pinkett (collectively the Respondents) are not registered to trade securities under the Act.
8. IFC has not filed a prospectus for the IFC Investment.

2007 BCSECCOM 444

9. The Respondents traded and distributed the IFC Investment to residents of British Columbia, contrary to section 34 and 61 of the Act.

Fraud

10. The IFC Investment advertises numerous characteristics often attributed to Prime Bank investment schemes to make them appear legitimate, including:
- (a) the opportunity to become part of a select group involved in an investment program that is normally only available to the rich and/or financial institutions;
 - (b) investor funds are purportedly invested in “an asset growth program by buying and selling 1st Tier medium term bank notes”;
 - (c) the promise of an inordinately high interest rate;
 - (d) the guarantee that investor capital is not put at risk, rather remaining “in full equity value or greater than full equity value”;
 - (e) investor funds are used to leverage offshore trading in the “medium term bank notes” at ten times the amount invested;
 - (f) IFC provides investors materials stating that Pinkett has had a “5 year affiliation with the International Monetary Fund”; and
 - (g) investor funds are directed first to the United Bank NA in Arlington, Virginia, and then to either the Banco Bilboao Vizcaya Argentaria or Great Florida Bank, at the discretion of IFC.
11. The IFC Investment, as described in paragraph 10, above, is a fiction. Instead, the IFC Investment operated as a Ponzi scheme. In particular:
- (a) Investor funds did not remain in a “full equity value or greater than full equity value” account. Rather, they were first deposited into an account where Pinkett was the sole signatory. Investor funds were then transferred to a pooled account at the United Bank controlled by Pinkett (Pooled Account);
 - (b) Investor funds were not used in an “asset growth program” that bought and sold “1st Tier Medium Term bank notes.” The Pooled Account had no source of income other than investor deposits;

2007 BCSECCOM 444

- (c) Funds from the Pooled Account were used to pay the alleged 6% monthly dividends to investors. Funds from new investors were used to finance the monthly payments of previous investors;
- (d) Funds from the Pooled Account were also transferred to Pinkett, Stevenson and Byer. In particular:
 - (i) Pinkett received \$4,807,490.00 from the Pooled Account;
 - (ii) Stevenson received \$5,458,089.00 from the Pooled Account; and
 - (iii) Byer received \$2,439,585.95 from the Pooled Account.

12. By engaging in the acts described above, the Respondents acted contrary to section 57(b) of the Act.

Temporary Order

¶ 3 On March 22, 2007, the Commission, under section 161(3) of the Act, extended the temporary orders under section 161(2) of the Act that:

- 1. under section 161(1)(a) of the Act, the Respondents comply with or cease contravening the Act;
- 2. under section 161(1)(b) of the Act, all persons cease trading in the IFC Investment; and
- 3. under section 161(1)(d)(iii) of the Act, Byer, Stevenson and Pinkett cease all investor relations activities on behalf of IFC.

until a hearing is held and a decision is rendered.

¶ 4 The Hearing will be held at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on October 1, 2007, at 10:00 am.

¶ 5 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 by contacting the Commission Secretary

2007 BCSECCOM 444

at PO Box 10142, Pacific Centre, 5th Floor, 701 West Georgia Street, Vancouver, BC, V7Y 1L2, phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

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

¶ 7 July 19, 2007

Brenda Leong

¶ 8 Brenda M. Leong
Executive Director