

2010 BCSECCOM 457

Further Amended Notice of Hearing

Luc Castiglioni, CPLC Limited Partnership and CPLC Management Group Ltd.

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 Luc Castiglioni (Castiglioni), CPLC Limited Partnership (CPLC LP) and CPLC Management Group Ltd. (CPLC Management) (collectively, the Respondents) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. CPLC Management was incorporated in British Columbia (BC) on June 14, 2005 and had a head office located in West Vancouver, BC. It was the general partner of CPLC LP, a limited partnership established in BC on September 30, 2008. CPLC LP claimed to be an investment fund under the Act.
2. Castiglioni was the director and chief executive officer of CPLC Management, and a BC resident.
3. None of the Respondents has ever been registered under the Act.
4. Castiglioni represented to Commission Staff that as at about September 2008, CPLC LP had distributed about \$7.8 million of limited partnership units of CPLC LP (the Securities) to about 60 investors.
5. Between October 2008 and August 2009, CPLC LP and CPLC Management raised approximately \$370,000 in additional investments by purportedly issuing Securities.
6. On October 8, 2009 the Supreme Court of British Columbia issued a Bankruptcy Order against CPLC LP and CPLC Management.

Misconduct

False or Misleading Information

7. On May 4, 2009, Castiglioni met with Commission Staff and told them that he transacted on behalf of CPLC Management and CPLC LP through securities

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trading accounts including a trading account in Switzerland (the Swiss Account).

8. In May and July, 2009, a Commission Staff member asked Castiglioni to provide copies of statements for those securities trading accounts, including the Swiss Account.
9. On July 31, 2009, Castiglioni provided the Commission Staff member with copies of account statements for the Swiss Account (the Swiss Account Statements). The Swiss Account Statements indicated that the account holder was "CPLC Ltd.", and that as of June 30, 2009, the value of the proceeds in the Swiss Account was €4,648,134.27 (about \$7,575,064.42).
10. In December 2009, the Swiss Financial Market Supervisory Authority (FINMA) confirmed that:
 - (a) the account number in the Swiss Account Statements did not belong to CPLC Ltd., CPLC LP or CPLC Management. None of these companies had accounts at the bank shown in the Swiss Account Statements;
 - (b) the value of the account with the account number on the Swiss Account Statements was, at July 31, 2009, only about €7,000 (about \$10,784);
 - (c) no significant amounts of money had been transferred into the account between October 2008 and July 2009; and
 - (d) the Swiss Account Statements appear to be forged.
11. By providing the Swiss Account Statements to the Commission staff member in the circumstances set out above, Castiglioni submitted or gave information to the Commission, the executive director or any person appointed under the Act that, in a material respect was false or misleading, or omitted facts necessary to make it not false or misleading, contrary to section 168.1(1)(a) of the Act.

Holding Out of Registration

12. From about March 2008, some investors received documents from CPLC Management that described it or both it and Castiglioni as registered with the Commission, which was not true. By making untrue representations about their registration, or by directing that those untrue representations be made, CPLC Management and Castiglioni acted contrary to section 54(1) of the Act.

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13. Castiglioni, as a director and officer of CPLC Management and as an agent of CPLC LP, authorized, permitted or acquiesced in the foregoing breach of the Act by CPLC Management, and therefore contravened the same provision under section 168.2 of the Act.

Fraud

14. Between about May 2008 and August 2009, Castiglioni obtained the funds provided by at least six limited partners or investors to CPLC Management or CPLC LP for the purpose of purchasing securities, collectively amounting to approximately \$1.3 million, and misdirected these funds, thereby perpetrating a fraud contrary to section 57(b) of the Act.

Public Interest

15. The Respondents' conduct as set out in this notice was contrary to the public interest.

Temporary Order

- ¶ 2 On January 28, 2010, the Executive Director issued a Temporary Order and Notice of Hearing naming the Respondents, expiring on February 9, 2010 (2010 BCSECCOM 56).
- ¶ 3 On February 9, 2010, the Commission extended the Temporary Order until a hearing was held and a decision was rendered (2010 BCSECCOM 84).
- ¶ 4 On February 9, 2010, the Commission also adjourned the hearing to May 6, 2010, when the Executive Director would provide an update on its investigation.
- ¶ 5 On May 6, 2010, the Commission adjourned the hearing to August 17, 2010, when the Executive Director would set dates for the hearing.
- ¶ 6 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 Secretary to the Commission at PO Box 10142, Pacific Centre, 12th Floor, 701 West Georgia Street, Vancouver, BC, V7Y 1L2, phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

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¶ 7 If the Respondents or their counsel do not appear at a hearing, the Executive Director may apply to have the questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in this matter if the Respondents or their counsel do not appear at the hearing.

¶ 8 August 12, 2010

Paul C. Bourque

¶ 9 Paul C. Bourque Q.C.
Executive Director