

2010 BCSECCOM 625

Notice of Hearing

Theodore Nitta and Venturex Global Investment Corporation

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 Theodore Nitta and Venturex Global Investment Corp. (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. Venturex Global Investment Corp. (Venturex) is a company incorporated under the *Canada Business Corporations Act* on September 7, 2000. At all material times, Venturex carried on its business in British Columbia.
2. Venturex's primary business was the development and operation of private schools in Canada and the United States.
3. Venturex has never been registered in any capacity under the Act, and has never filed a prospectus for the distribution of its securities.
4. Theodore Nitta (Nitta), a BC resident, is the sole officer and director of Venturex. Since its incorporation, Nitta has been responsible for raising capital for Venturex.
5. Nitta was registered under the Act as a mutual funds salesperson from May 1998 to September 2004 while employed with specific dealers. Nitta was also a licensed life insurance agent with the Insurance Council of BC from September 1997 to July 2009.
6. Nitta's mutual fund registration did not allow him to sell non-mutual fund securities, including Venturex securities.

Misconduct

Illegal Trading and Distributions

7. Nitta targeted his insurance and mutual funds clientele to raise capital for Venturex. Nitta offered his clientele and others Venturex securities as an investment opportunity.

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8. Between 2001 and 2008, the Respondents raised capital for Venturex by continuously distributing Venturex securities to approximately 82 investors, for net proceeds of approximately \$12.4 million.
9. Venturex failed to file exempt distribution reports for any of its distributions.
10. Of the total capital raised, the Respondents distributed Venturex securities to approximately 60 investors for net proceeds of approximately \$4.1 million, for which there were no exemptions from the registration and prospectus requirements under the Act.
11. By trading and distributing securities without registration and without filing a prospectus, the Respondents contravened sections 34 and 61 of the Act.
12. By failing to file exempt distribution reports, Venturex contravened part 6 of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, December 14, 2010 at 10:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Disclosure of the evidence in this case will be provided to the Respondents upon their request to the Executive Director.
- ¶ 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 Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.
- ¶ 5 November 15, 2010

Paul C. Bourque
- ¶ 6 Paul C. Bourque, Q.C.
Executive Director