

# 2012 BCSECCOM 360

## Notice of Hearing

**Streamline Properties Inc., 0772835 B.C. Ltd., Local 1661 Building Inc.,  
Almaval Building Inc., Jeffrey Karl Wiegel and Michael Jerome Knight**

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

¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against Streamline Properties Inc. (Streamline), 0772835 B.C. Ltd. (835 Ltd.), Local 1661 Building Inc. (Local Inc.), Almaval Building Inc. (Almaval Inc.), Jeffrey Karl Wiegel (Wiegel) and Michael Jerome Knight (Knight) (collectively, the Respondents) under sections 161, 162 and 174 of the *Securities Act*, R.S.B.C. 1996, c. 418 (Act), based on the following facts:

#### **Background**

1. Wiegel is a resident of British Columbia. He is the director and officer of the following companies:
  - (a) Streamline, a real estate development company based in Vancouver, British Columbia;
  - (b) 835 Ltd., a company incorporated to develop a condominium in North Vancouver called “The Brook”;
  - (c) Local Inc., originally named The DeVille Building Inc., a company incorporated to develop a condominium in Vancouver originally called the “deVille”, and later “The Local 1661” or “The Local”; and
  - (d) Almaval Building Inc. (Almaval Inc.) a company incorporated to develop a condominium in Vancouver called the “Almaval”.
2. None of these issuers has ever filed a prospectus under the Act.
3. Knight is a resident of British Columbia. He was the General Manager of Streamline.
4. Wiegel is not registered in any capacity under the Act.

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5. Knight was registered under the Act as a mutual fund salesperson between 1992 and 1995, but was not registered at the material times, and is not currently registered.
6. On April 5, 2004 the Executive Director issued an order (Order) prohibiting Knight from engaging in acts in furtherance of a trade or in investor relation activities for a period of three years.

### **Misconduct**

#### ***Illegal Trading and Distribution of Securities***

7. Between October 2006 and August 2010, the Respondents:
  - (a) raised approximately \$2,085,000 by distributing securities of 835 Ltd. to 32 persons, all residents of British Columbia;
  - (b) raised approximately \$1,940,000 by distributing securities of Local Inc. to 21 persons, the majority of whom were residents of British Columbia; and
  - (c) issued a security in the form of a promissory note on behalf of Almaval Inc. to two 835 Ltd. investors in respect of a \$100,000 loan. (Promissory Note).

(collectively, the Distributions)
8. By distributing securities for which prospectuses had not been filed, and without being registered, the Respondents contravened sections 34 and 61 of the Act.
9. Wiegel and Knight authorized, permitted or acquiesced in the contravention of sections 34 and 61 of the Act, and therefore contravened the same provision under section 168.2 of the Act.

### ***Fraud***

10. In soliciting the investment in the Promissory Note, Knight and Wiegel told the investors that it would be secured by a mortgage on land located at 3701 West Broadway, Vancouver (Property). When the investors sought to enforce the security, they learned that neither the Respondents, nor Almaval Inc. owned the Property.
11. Knight and Wiegel breached section 57(b) of the Act by falsely claiming that the Promissory Note would be secured by a mortgage over the Property.

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### ***Breach of Order***

12. Between October 2006 and April 5, 2007 (the date the Order expired), Knight breached the Order by distributing securities and engaging in investor relations activities.

### **Public Interest**

- ¶ 2 It is in the public interest that the Commission issue orders under sections 161 and 162 of the Securities Act.

### **Hearing Process**

- ¶ 3 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, October 16, 2012, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondents upon request to the Executive Director.

- ¶ 4 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.

- ¶ 5 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.

- ¶ 6 September 13 , 2012.

Paul C. Bourque

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