

# 2003 BCSECCOM 310

## Settlement Agreement

**Graham Martin Hope and 576928 B.C. Ltd.**

***Securities Act, RSBC 1996, c. 418***

- ¶ 1 The following settlement of issues has been reached between Graham Martin Hope (Hope), 576928 B.C. Ltd. (576928) and the Executive Director.

### **Agreed Statement of Facts**

- ¶ 2 Solely for securities regulatory purposes in British Columbia and elsewhere, and as the basis for the undertakings and orders referred to in this settlement, Hope and 576928 acknowledge the following facts as correct:

### **The Parties**

1. 576928 (formerly Moneywatch Consultants Ltd.) was incorporated as a British Columbia Company in November, 1993, and was registered under the *Securities Act, RSBC 1996, c.418* from January 4, 1994 until March 8, 1999.
2. 576928 was registered as a securities dealer from July 9, 1996 to June 16, 1997 (the Relevant Period).
3. 576928 is not currently registered in any capacity under the Act.
4. Hope, who is 56 years old, was, during the Relevant Period, the sole director of 576928 and registered with 576928 as a Trading Partner, Director and Officer restricted to trading in mutual fund securities.
5. Hope ceased to act as a branch manager or in any compliance capacity of any registrant in May 2002. Hope's registration expired on December 31, 2002.

### **Activity Contrary to Act, the Securities Rules and the Public Interest**

6. During the Relevant Period, Alain Germain Chevalier (Chevalier), a registered representative employed by 576928, sold exempt market products/securities including those offered by Multimetro Mortgage Corporation and by Megale Capital Corporation. Most of these transactions were processed through 576928, but in at least one case, a transaction was effected directly with the issuer.

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7. During the Relevant Period, Hope and 576928 breached sections 47 and 65 of the *Securities Rules*, B.C. Regs. 479/95 and 194/97, and acted contrary to the public interest, by failing to properly supervise the sale of exempt market products by Chevalier, who settled with the Executive Director as reported at 2003 BCSCSECCOM 105 and 106. Hope and 576928 ought to have ensured Chevalier's sales complied with the Act and the Rules, were suitable for the purchasers' investment needs and objectives, and were appropriate recommendations in accordance with sections 14 and 48 of the Rules.
8. During the Relevant Period, Hope and 576928's failure to supervise Chevalier included 576928 not having methods, procedures or systems to properly:
  - (a) review trading activity in Chevalier's client accounts;
  - (b) reveal how many clients Chevalier and 576928 had;
  - (c) ensure each of Chevalier's client accounts contained appropriate documentation such as a New Client Application Form (NCAF) or Know Your Client (KYC) form, or a complete NCAF or KYC; and
  - (d) ensure all of the exempt products sold by Chevalier had been approved for sale by 576928.
9. The lack of methods to supervise Chevalier properly was a breach of sections 44 and 48 of the Rules by 576928.

### **Mitigating Factors**

- ¶ 3 Hope and 576928 represent and the Executive Director accepts that the following facts mitigate the sanctions which may otherwise have applied in the public interest:
1. neither Hope nor 576928 received commission revenues from sales of exempt market products/securities by Chevalier; and
  2. Hope and 576928 took significant steps to remedy the compliance issues identified in paragraph 2, item 8 of this agreement, commencing in the spring of 1997.

### **Undertaking**

- ¶ 4 Hope undertakes to do the following:
1. pay to the Commission the sum of \$ 10,000 of which \$2,000 represents costs relating to the investigation; and

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2. comply with the provisions of the Act and the Rules.

¶ 5 576928 undertakes to do the following:

3. never to re-apply for registration under the Act; and

4. comply with the provisions of the Act and the Rules.

### **Order**

¶ 6 Hope consents to an order by the Executive Director (Order) that:

1. under section 161(1)(d) of the Act, Hope must resign any position he holds as a Compliance Officer, Branch Manager, Trading Partner, Director or Officer or director or officer of any issuer that is a registrant;

2. under section 161(1)(d) of the Act Hope is prohibited from becoming or acting as a Compliance Officer, Branch Manager, Trading Partner, Director or Officer or director or officer of any issuer that is a registrant or as a director or officer of any issuer that provides management, consulting or administrative services to registrants until the later of:

(a) five years from the date of the Order;

(b) the date he successfully completes:

(i) the Canadian Securities Course,

(ii) the Conduct and Practices Handbook Course,

(iii) the Branch Managers Course, and

(iv) the Partners, Directors and Senior Officers Qualifying Examination,

all offered by the Canadian Securities Institute; and

(c) the date Hope satisfies his undertaking to make a monetary payment to the Commission.

¶ 7 576928 consents to an order by the Executive Director under section 161(1)(d) of the Act that it be permanently prohibited from engaging in investor relations activities.

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### **Waiver**

- ¶ 8 Hope and 576928 waive any right they each may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

### **Execution of Settlement Agreement**

- ¶ 9 This Settlement Agreement may be signed in one or more counterparts that together shall constitute a binding agreement, and a facsimile copy of any signature shall be as effective as an original signature.

- ¶ 10 April 16, 2003

- ¶ 11 “G. Hope )  
Graham Hope )  
“C. Hope” )  
Witness Signature )  
Chris Hope )  
Witness Name (Please Print) )  
4397 Candlewood Drive )  
Richmond )  
Address )  
Student )  
Occupation )

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¶ 12 22 April, 2003

¶ 13 576928 B.C. Ltd.

Per “Christopher Reynolds” )

(Authorized signatory)

“L. Coste” )

Witness Signature )

Lynda Coste )

Witness Name (Please Print) )

1091 Haydonbridge Ct. )

Mississauga, ON L5V 1J4 )

Address )

Office Manager )

Occupation )

¶ 14 April 30, 2003

¶ 15 Stephen J. Wilson  
Executive Director