

2004 BCSECCOM 272

Settlement Agreement

Northern Securities Inc.

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

¶ 1 The following settlement of issues has been reached between Northern Securities Inc. (Northern) and the Executive Director.

Agreed Statement of Facts

¶ 2 As the basis for the undertakings referred to in this settlement, Northern acknowledges the following facts as correct:

1. Northern was registered with the British Columbia Securities Commission (Commission) as an investment dealer registered to trade in securities from April 25, 2000 to December 19, 2003 and as an underwriter from April 25, 2000 to January 1, 2003. From December 11, 2003 to the present, Northern has been registered with the Commission as an investment dealer (securities and underwriter).
2. Solucorp Industries Ltd. (Issuer) is a reporting issuer, incorporated under the *Business Corporations Act*, RSY 2002, c. 20 and extra provincially registered in British Columbia.
3. From July 2002 to the present, the Issuer's shares have been quoted on the Pink Sheets Electronic Quotation Service. The Issuer's shares are not currently traded or quoted on any Canadian exchange or market.
4. On October 16, 2000, staff of the Commission (Staff) issued a cease trade order (Order) under section 164 of the Act that all persons in British Columbia cease trading in the securities of the Issuer.
5. The Order was made public when it was posted on the Commission's website on October 17, 2000.
6. In February 2003, Northern subscribed to the Market Regulation Services Inc. (RS) cease trade order database, which included the Order.
7. On March 28, 2003, Staff issued an order under section 171 of the Act varying the Order to permit, subject to certain limitations, British Columbia residents to sell securities of the Issuer that were acquired before October 16, 2000 (First Partial Revocation Order).

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8. The First Partial Revocation Order was made public in the Commission's Weekly Report for the week ending March 28, 2003 and when it was posted on the Commission's website on March 28, 2003.
9. On April 25, 2003, Northern changed its internal systems. As a result of deficiencies in Northern's new internal systems, Northern executed the following trades in securities of the Issuer on behalf of three of its clients contrary to the Order and First Partial Revocation Order:
 - (a) Northern sold 8,400 shares of the Issuer for one of its clients on May 8, 2003.
 - (b) Northern purchased 10,000 shares of the Issuer for a second client (Client B) on October 30, 2003.
 - (c) Northern purchased 15,000 shares of the Issuer for a third client (Client C) on October 30, 2003.
 - (d) Northern purchased 2,500 shares of the Issuer for Client B on November 13, 2003.
 - (e) Northern sold 2,500 shares of the Issuer for Client B on November 20, 2003.
 - (f) Northern sold 2,000 shares of the Issuer for Client B on November 21, 2003.
 - (g) Northern sold 2,000 shares of the Issuer for Client B on November 24, 2003.
 - (h) Northern sold 5,000 shares of the Issuer for Client C on December 26, 2003.
10. During the period May 8, 2003 to December 26, 2003, Northern earned commissions of \$816.44 from the eight (8) transactions referred to in paragraphs 9(a) to (h).
11. Client B and Client C (collectively, Clients) requested that their accounts be transferred from Northern to Graydon Elliot Capital Corporation (Graydon) when their registered representatives resigned from Northern and were employed by Graydon.

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12. After the Clients' accounts were transferred, Graydon became aware that Northern had purchased and sold shares of the Issuer for the Clients contrary to the Order and the First Partial Revocation Order and as a result applied to the Commission to permit it to sell the balance of these shares held by the Clients.
13. On January 30, 2004, Staff issued an order under section 171 of the Act varying the Order to permit, subject to certain limitations, Graydon to sell for the Clients a total of 16,000 shares of the Issuer (Second Partial Revocation Order).
14. The Second Partial Revocation Order was made public in the Commission's Weekly Report for the week ending January 30, 2004 and when it was posted on the Commission's website on January 30, 2004.

Mitigating Factors

- ¶ 3 The Executive Director has taken into account, as a factor mitigating the sanctions that would otherwise have applied in the public interest, the fact that Northern advised the Commission in March 2004 that it has revised its internal systems to prevent further cease trade order violations.

Undertaking

- ¶ 4 Northern undertakes:
1. to pay \$10,000.00 to the Commission, of which \$2,500 represents a contribution towards the costs of the investigation and \$750.00 represents the costs of the Second Partial Revocation Order which the Commission did not require Graydon to pay to the Commission;
 2. to maintain its internal systems to prevent further cease trade order violations; and
 3. not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Waiver

- ¶ 5 Northern waives any right it 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 Agreement.

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¶ 6 May 10, 2004

_____)
Northern Securities Inc.)
_____)
Witness Signature)
_____)
Witness Name (please print))
_____)
Address)
_____)
Occupation)

¶ 7 May 10, 2004

Stephen J. Wilson
Executive Director