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Schedule A Settlement Agreement

Elizabeth Anne Moxon

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

- ¶ 1 The following settlement of issues has been reached between Elizabeth Anne Moxon (Moxon) and the Executive Director regarding Moxon's involvement in schemes that were orchestrated by Michael Lee Mitton (Mitton) from 1996 to 1998.

Agreed Statement of Facts

- ¶ 2 As the basis for the undertakings and orders referred to in this settlement, Moxon acknowledges the following facts as correct.
1. Moxon is currently a resident of West Vancouver, British Columbia.
 2. In or about January of 1997, Mitton, either directly or indirectly, acquired most of the issued and outstanding shares of H&R Enterprises, Inc. (H&R), a company that traded on the OTC Bulletin Board in the United States.
 3. At the time Mitton was, and continues to be, subject to an order that prohibits him from acting as a director or officer of any issuer and from trading in British Columbia until 2008 (Mitton's Cease Trade Order).
 4. Between January, 1997 and September 1997 (the Material Time), Mitton manipulated the price of the shares of H&R by, among other things:
 - (a) distributing the shares of H&R to nominees and promoters;
 - (b) causing H&R to issue a substantial number of shares from treasury to nominees, without H&R receiving payment therefore;
 - (c) instructing the nominees to open brokerage accounts at various brokerage houses in British Columbia and elsewhere; and
 - (d) directing the trading of the shares of H&R in the accounts of the nominees such that the shares were traded in a circular fashion at ever increasing prices.
 5. As a result of the activities described above, among other things, the price of the shares of H&R rose from approximately \$2.00 US in August 1997 to a peak of \$6.75 US on September 25, 1997.

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6. During the Material Time, Moxon was an employee of H&R, or of Capital Hill Ventures Ltd. (Capital Hill), a wholly owned subsidiary of H&R.
7. During the Material Time, Moxon acted as a nominee for Mitton by maintaining four accounts at four brokerage houses in British Columbia (together, the Accounts). All of the trading in the Accounts was done at the instructions of Mitton. Moxon understood that the trading was for the benefit of H&R and was not for her own benefit.
8. Moxon's actions as a nominee of Mitton assisted Mitton in carrying out the manipulation of the price of the shares of H&R as described above.
9. In reviewing the Accounts, Commission Staff have determined that, as a result of the manipulation, profits of approximately \$1.8 million Cdn were withdrawn from the Accounts. Commission Staff have determined, and Moxon confirms, that all, or substantially all of this amount was transferred to Mitton or third parties, as directed by Mitton.

Breaches of the Act and the Securities Rules

10. Moxon breached section 57(a) of the Act and section 41.1 of the *Securities Act*, SBC 1985, c. 83 (the Former Act) by participating in transactions that she ought to have known contributed to a misleading appearance of trading activity or artificial price for the shares of H&R.
11. Moxon breached section 61 of the Act and section 42 of the Former Act by trading the shares of H&R she received from treasury without a prospectus or a prospectus exemption under circumstances where the trades were deemed distributions pursuant to section 140 of the *Securities Rules*, B.C. Reg. 194/97, as amended and section 133 of the Securities Rules.

Public Interest

12. Moxon acted contrary to the public interest by acting as a nominee for Mitton.

Mitigating Factors

¶ 3 The Executive Director has taken into account the following facts as factors mitigating the sanctions which would otherwise have applied in the public interest:

1. Moxon received no benefit from trading in the Accounts or from acting as a nominee for Mitton other than the salary she received as an employee of Capital Hill or H&R.
2. Moxon was unaware of Mitton's Cease Trade Order.

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3. Moxon was unsophisticated with respect to the securities industry and was unaware that the price of the shares of H&R was being manipulated.
4. Moxon has no further connection to the securities industry.

Undertaking

¶ 4 Moxon agrees and undertakes as follows:

1. to comply fully with the Act, the Rules, and any applicable regulations, policies and guidelines, from the date of this agreement;
2. to not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question; and
3. to pay to the Commission the sum of \$5,000 which represents a portion of the costs of the investigation, payable in accordance with the Promissory Note attached as schedule A.

Order

¶ 5 Moxon consents to an order by the Executive Director (the Order) that for a period ending five years from the date of the Order:

1. under section 161(1)(b)(ii) of the Act that Moxon cease trading in and be prohibited from purchasing any securities, except that she may trade and purchase securities for her own registered retirement savings plan through a single account with a person registered to trade in securities under the Act;
2. under section 161(1)(d) of the Act she be prohibited from becoming or acting as a director or officer of any issuer; and
3. under section 161(1)(d)(iii) of the Act, she be prohibited from engaging in investor relations activities.

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Waiver

- ¶ 6 Moxon waives any right she 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.

January 19, 2004

“Elizabeth Anne Moxon”

“P. Russell”)
Witness Signature)
Pamela Russell)
Witness Name (please print))
701 West Georgia Street)
Vancouver, BC V7Y 1L2)
Address)
Investigator)
Occupation)

January 21, 2004

Stephen J. Wilson
Executive Director