

2004 BCSECCOM 632

Settlement Agreement

**RAB Energy Corp. (I) Limited,
Johnathan Lam Wai Tsang and Selena Ching Wan Tsang**

Securities Act, RSBC 1996, c. 418

- ¶ 1 The following settlement of issues has been reached between RAB Energy Corp. (I) Limited (RAB), Johnathan Lam Wai Tsang (Johnathan Tsang) and Selena Ching Wan Tsang (Selena Tsang), and the Executive Director.

Agreed Statement of Facts

- ¶ 2 As the basis for the undertakings and orders referred to in this settlement, RAB, Johnathan Tsang and Selena Tsang acknowledge the following facts as correct:
1. RAB was incorporated in Hong Kong on December 21, 2001, and, at all material times, had its head office in Vancouver, British Columbia. RAB has never been registered in any capacity under the *Securities Act*, RSBC 1996, c. 418.
 2. Johnathan Tsang was registered under the Act, and in the following capacities, for the periods shown below:
 - (a) October 30, 1996 to August 1, 2000 – mutual fund salesperson;
 - (b) August 1, 2000 to October 12, 2001 – securities salesperson; and
 - (c) October 12, 2001 to July 31, 2002 – mutual fund salesperson.
 3. Selena Tsang was registered under the Act, and in the following capacities, for the periods shown below:
 - (a) September 15, 1997 to October 8, 1998 – mutual fund salesperson; and
 - (b) March 17, 1999 to February 5, 2001 – securities salesperson.
 4. At all material times, Johnathan Tsang and Selena Tsang, who are married to one another, were the controlling shareholders and directors of RAB.
 5. Between October 23, 2001 and January 30, 2002 (the Relevant Period), Johnathan Tsang and Selena Tsang caused RAB to distribute 31.255 units of its securities to a total of 39 persons, 31 of whom were British Columbia residents at that time (the RAB Unit Holders). RAB raised a total of approximately US \$676,100 from the RAB Unit Holders.

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6. RAB did not file a prospectus under the Act and was unable to rely upon any statutory exemptions from the registration and prospectus requirements of the Act, in distributing its securities to the RAB Unit Holders (the Illegal Distributions).
7. Johnathan Tsang and Selena Tsang caused, and RAB made, the Illegal Distributions, contrary to sections 34(1) and 61(1) of the Act.
8. RAB is financially unable to provide the RAB Unit Holders with a right to rescind their purchase of the securities of RAB; otherwise, the Executive Director would have required RAB to make restitution to the RAB Unit Holders.

Undertaking

¶ 3 RAB undertakes to:

1. comply fully with the Act, the *Securities Rules*, BC Reg. 194/97, and any applicable regulations, from the date of this settlement; and
2. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

¶ 4 Johnathan Tsang and Selena Tsang undertake to:

1. comply fully with the Act, the Rules, and any applicable regulations, from the date of this settlement;
2. pay to the Commission the sum of \$10,000, of which \$1,000 represents the costs of the investigation; and
3. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

¶ 5 RAB, Johnathan Tsang and Selena Tsang consent to an order by the Executive Director (the Order) that:

1. under section 161(1)(b) of the Act, RAB permanently cease trading in securities;
2. under section 161(1)(b) of the Act, Johnathan Tsang and Selena Tsang each cease trading in securities, until the later of:
 - (a) seven years from the date of the Order; and

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- (b) the date that he or she, as the case may be, successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers; and
3. under section 161(1)(d) of the Act, Johnathan Tsang and Selena Tsang each resign any position they may hold, and are prohibited from acting as a director or officer of any issuer, and from engaging in investor relations activities on behalf of any issuer, until the later of:
- (a) seven years from the date of the Order; and
- (b) the date that he or she, as the case may be, successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers.

Waiver

¶ 6 RAB, Johnathan Tsang and Selena Tsang waive any right that 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.

¶ 7 November 3, 2004

¶ 8 “Selena Ching Wan Tsang”
RAB Energy Corp. (I) Limited (Signing Authority)

“How Keung Young”)
Witness Signature)
How Keung Young)
Witness Name (please print))
495 Lakewood Drive)
Vancouver, BC V5L 4L8)
Address)
Business Owner)
Occupation)

¶ 9 November 3, 2004

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¶ 10 “Johnathan Lam Wai Tsang”
Johnathan Lam Wai Tsang

“How Keung Young”)
Witness Signature)
How Keung Young)
Witness Name (please print))
495 Lakewood Drive)
Vancouver, BC V5L 4L8)
Address)
Business Owner)
Occupation)

¶ 11 November 3, 2004

¶ 12 “Selena Ching Wan Tsang”
Selena Ching Wan Tsang

“How Keung Young”)
Witness Signature)
How Keung Young)
Witness Name (please print))
495 Lakewood Drive)
Vancouver, BC V5L 4L8)
Address)
Business Owner)
Occupation)

¶ 13 November 3, 2004

“Brenda M. Leong”

¶ 14 Brenda M. Leong
Executive Director