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Settlement Agreement

Grant Claude Cramer

Securities Act, RSBC 1996, c. 418

- ¶ 1 The Executive Director and Grant Claude Cramer (Cramer) have reached the following settlement.

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, Cramer acknowledges the following facts as correct:

The Parties

1. IDF Financial Services Incorporated (IDF) was incorporated in British Columbia on March 28, 1990, and was a securities dealer registered under the *Securities Act, RSBC 1996, c. 418* at all relevant times.
2. Cramer was a registered representative, employed by and a director of IDF at all relevant times.
3. Each of the following non-reporting issuers (collectively, the Issuers) have filed offering memoranda with the Commission:
 - (a) River Ranch Resort (VCC) Corp. (Ranch VCC);
 - (b) River Ranch Resort (VCC II) Corp. (Ranch #2 VCC);
 - (c) River Ranch Limited Partnership (Cow-Calf LP);
 - (d) River Ranch Financial Corp. (FinCorp);
 - (e) River Ranch Capital Corp. (CapCorp);
 - (f) Strategic Concepts Investment Trust (Strategic Trust); and
 - (g) Quantum Value Ventures (VCC) Corp. (Quantum VCC).

Ranch VCC and Ranch #2 VCC Offerings

4. Under three offering memoranda dated July 15, 1997, May 19, 1998, and April 19, 1999, respectively, Ranch VCC issued common shares and raised a total of \$4,805,000.

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5. Under an offering memorandum dated January 24, 2000, Ranch #2 VCC issued common shares and raised a total of \$144,000 as of July 30, 2000.
6. Under the Ranch VCC and Ranch #2 VCC offering memoranda, securities were offered for sale in reliance upon the prospectus exemptions contained in subsections 128(a) and 128(b) of the *Securities Rules*, BC Reg. 194/97 (the Rules). Some of the securities of Ranch VCC and Ranch #2 VCC were distributed in amounts of less than \$25,000 to persons who were not sophisticated purchasers, as defined under the Rules. Those securities were distributed in contravention of section 61 of the Act, because none of the exemptions under section 128 of the Rules applied to those distributions.

Cow-Calf Offering

7. Under a joint offering memorandum dated January 20, 1999, Cow-Calf LP issued units and FinCorp and CapCorp each issued bonds, raising a total of \$4,917,500 as of December 29, 2000.
8. In connection with this offering, Cow-Calf LP, FinCorp and CapCorp purported to rely upon the prospectus exemptions contained in subsection 74(2)(4) of the Act and subsections 128(a), 128(b), and 128(c) of the Rules. Some of the securities of Cow-Calf LP, FinCorp, and CapCorp were distributed in amounts of less than \$25,000 to persons who were not sophisticated purchasers, as defined under the Rules. Those securities were distributed in contravention of section 61 of the Act, because none of the exemptions under subsection 74(2) of the Act or section 128 of the Rules applied to those distributions.

Strategic Trust Offerings

9. Under an offering memorandum dated February 11, 1999, Strategic Trust issued securities and raised a total of \$636,500.
10. Under an updated offering memorandum dated March 8, 2000, Strategic Trust issued additional securities in the amount of \$2,645,000 as of December 31, 2000.
11. In connection with these offerings, Strategic Trust purported to rely upon the prospectus exemptions contained in subsection 74(2)(4) of the Act and subsections 128(a), 128(b), and 128(c) of the Rules. Some of the securities of Strategic Trust were distributed in amounts of less than \$25,000. Those securities were distributed in contravention of section 61 of the Act because the exemptions under subsection 74(2)(4) of the Act and section 128 of the Rules were not available for those distributions.

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Quantum VCC Offering

12. Under an offering memorandum dated August 31, 2000, Quantum VCC issued securities and raised a total of \$832,000 as of December 31, 2000.
13. In connection with this offering, Quantum VCC purported to rely upon the prospectus exemptions contained in subsections 128(a) and 128(b) of the Rules. Some of the securities of Quantum VCC were distributed in amounts of less than \$25,000 to persons who were not sophisticated purchasers, as defined under the Rules. Those securities were distributed in contravention of section 61 of the Act, because none of the exemptions under section 128 of the Rules applied to those distributions.

Cramer's Involvement

14. From July 1997 to June 2000 (the relevant time), Cramer managed forty-seven client portfolios.
15. During the relevant time, Cramer traded securities of Cow-Calf LP and Strategic Trust in amounts of less than \$25,000 to some investors who were not sophisticated purchasers and without any applicable exemption. Cramer therefore engaged in illegal distributions that contravened section 61 of the Act.
16. In some instances, the securities of the Issuers traded by Cramer to his clients during the relevant time were not suitable for their investment needs and objectives. Cramer failed to advise his clients that the securities were not suitable for them. As a result, Cramer breached sections 14 and 48 of the Rules.
17. During the relevant time:
 - (a) Cramer owned 5% of a holding company that wholly owned IDF;
 - (b) Cramer was a director of IDF and a director of the holding company that owned IDF; and
 - (c) Cramer was the chair of IDF's due diligence committee. That committee was responsible for reviewing the exempt securities and determining which exempt securities could be sold by IDF.
18. IDF breached:

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- (a) section 61 of the Act by trading in securities of the Issuers without a prospectus or an exemption from the prospectus requirement of the Act.; and
- (b) sections 47 and 65 of the Rules by failing to properly supervise client transactions and failing to ensure that its employees and agents complied with the Act and the Rules.

19. Cramer terminated his employment with IDF and on February 28, 2001, surrendered his registration to the Commission.

Mitigating Factors

¶ 3 Although Cramer agrees the monetary portion of the sanction that otherwise would have applied in this case would have been \$20,000 plus the commissions earned by Cramer from the distributions referred to in paragraphs 15 and 16 above, the Executive Director has taken into account the following facts as factors mitigating the monetary sanctions that are in the public interest. Cramer represents and the Executive Director accepts that:

1. Cramer is a bankrupt and all eligible assets including securities of the Issuers owned by Cramer are in the possession and control of the trustee in bankruptcy.
2. Cramer was inexperienced as a registrant prior to joining IDF.
3. In the course of his employment with IDF, Cramer received instruction from the principals of IDF (his father and brother) that materially contributed to his breaching the securities laws of British Columbia.
4. In making the trades for clients, Cramer relied upon IDF's compliance department, which vetted and approved each trade.
5. Cramer acknowledged his breaches at an early point in the investigation of IDF and its registered representatives and has cooperated with Commission staff since that time.

Undertakings

¶ 4 Cramer undertakes:

1. that he will not apply for registration under any category under the Act for eight years, commencing August 21, 2001;

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2. to pay out of any surplus that may exist in his estate after the trustee in bankruptcy has paid all secured, preferred and unsecured creditors, an amount of up to \$15,000 of which \$5,000 represents costs of the investigation; and
3. not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

¶ 5 Cramer consents to an order by the Executive Director (the Order) that:

1. under section 161(1)(c) of the Act, the exemptions described in sections 44 to 47, 74, 75, 98 and 99 of the Act do not apply to Cramer for 8 years, commencing August 21, 2001, except that he may rely on the exemption under subsection 45(2)(7) of the Act solely to allow him to trade through a single personal account with a person registered to trade securities under the Act;
2. under section 161(d) of the Act, Cramer resign any position that he may hold as a director or officer of any issuer and be prohibited from becoming or acting as a director or officer of any issuer for 8 years, commencing August 21, 2001, other than an issuer the securities of which are directly and beneficially owned by him, his wife or his children; and
3. under section 161(1)(d) of the Act, Cramer is prohibited from engaging in investor relations activities for 8 years commencing August 21, 2001.

Waiver

¶ 6 Cramer waives any right he may have, under the Act or otherwise, to a hearing,

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hearing and review, judicial review or appeal related to, in connection with, or incidental to this Settlement Agreement.

¶ 7 November 18, 2004

“Grant Claude Cramer”

¶ 8 Grant Claude Cramer

“Dale Stewart”)
Witness Signature)
Dale Stewart)
Witness Name (please print))
2700 – 700 W. Georgia St)
Vancouver, British Columbia)
Address)
Lawyer)
Occupation)

¶ 9 November 19, 2004

“Brenda M. Leong”

¶ 10 Brenda M. Leong
Executive Director