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Settlement Agreement

Trevor William Park

Securities Act, RSBC 1996, c. 418

- ¶ 1 Trevor William Park (Park) has settled the following issues with the Executive Director.

Statement of Facts

- ¶ 2 Park acknowledges the following facts as correct solely for securities regulatory purposes in British Columbia and elsewhere and as the basis for the undertakings and orders referred to in this settlement:

Background

Park

1. Park is a resident of British Columbia. He acted as an agent and, also, engaged in investor relations activities for 526053 B.C. Ltd. (526053). He was registered under the Securities Act as a mutual fund salesperson from November 19, 1982 to February 6, 1985.

526053

2. 526053 is a company incorporated under the laws of British Columbia and is not a reporting issuer.
3. James Nelson McCarney (McCarney) is the sole shareholder, a director and an officer of 526053.

McCarney Technologies Inc.

4. McCarney Technologies Inc. (MTI) is a British Columbia company and a reporting issuer in this Province.

IVS Intelligent Vehicle Systems Inc.

5. IVS Intelligent Vehicle Systems Inc. (IVS) is a British Columbia company, and a reporting issuer in this Province. IVS became listed for trading on the Vancouver Stock Exchange on October 15, 1992.

Park Distributed Securities

6. Between May 10, 1998 and December 31, 2002 (the Relevant Period), Park and others on behalf of 526053 promoted an investment in 526053 to residents of seven provinces, including British Columbia and Saskatchewan, as well as the United States, Germany, England, Costa Rica, Belize, Bahamas and Turks and Caicos Islands (the Investors).

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7. Park and others encouraged Investors to enter into loan agreements with 526053 (the Loan Agreements). The Loan Agreements were represented as having the following material particulars:
 - (a) the funds provided by Investors were to be used for the development of Autolab's business and to acquire a public company in the United States (Pubco);
 - (b) upon the acquisition of Pubco, the original investments in the Loan Agreements were to be repaid with Pubco securities, namely, shares and share purchase warrants; and
 - (c) depending on when the Loan Agreements were entered into, the Pubco shares were assigned a value that ranged from CAD \$1.00 to USD \$5.00 per share.
8. During the Relevant Period, Park and others on behalf of 526053 distributed and sold the Loan Agreements to approximately 1,435 investors, for total proceeds of approximately \$26,637,512, with approximately \$4,500,000 raised in British Columbia from 253 British Columbia residents.

Loan Agreement Addendums

9. 526053 never acquired Pubco and, as a result, Pubco shares and share purchase warrants were never issued.
10. Nonetheless, on September 30, 2002, Park, acting on behalf of 526053, disseminated an e-mail to approximately 750 Investors. The e-mail indicated that the Investors could enter into Loan Agreement Addendums (the Addendums) with 526053, which would amend the Loan Agreements. The purported effect of the Addendums was to give the Investors an early opportunity to, effectively, exercise their Pubco share purchase warrants.
11. On October 1, 2002, Park, again acting on behalf of 526053, disseminated a second e-mail to the 750 Investors. It stated, among other things, that:
 - (a) on the one time basis offered by the Addendums, certain share purchase warrants could be exercised for less than the original exercise price;
 - (b) the exercise price ranged between CAD \$1.00 and USD \$3.00 per warrant, depending on the amount of the original exercise price;
 - (c) to take advantage of this opportunity, Investors would have to exercise their warrants before October 25, 2002; and

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(d) shares received by Investors as a result of the early exercise of share purchase warrants would be issued as free trading shares once Pubco began trading.

12. Following these e-mails, 143 Investors in British Columbia and other jurisdictions entered into 159 Addendums. 526053 raised approximately \$1,055,897 from these Investors.

Saskatchewan Scheme

13. Between December 1, 1997 and February 2000, 526053 entered into Loan Agreements with 147 Saskatchewan residents (the Saskatchewan Investors).

14. In the fall of 1999, the Saskatchewan Securities Commission (the SSC) advised 526053 that it should provide a refund to all Saskatchewan Investors. The SSC also advised 526053 to not raise any further funds.

15. On August 20, 2000, 526053 transferred \$1,517,000 to a Saskatchewan lawyer's trust account, which was used to refund money to Saskatchewan Investors, as required by the SSC.

16. Between September 27, 2000 and December 20, 2000, Park, on behalf of 526053, accepted and facilitated the investment in 526053 by Saskatchewan Investors who used out-of-province addresses in the share purchase documentation.

17. Approximately 123 of the Saskatchewan Investors reinvested \$1,346,500 with 526053 (the Saskatchewan Re-Investors) and, with Park's assistance and knowledge, used extra-provincial addresses in the share purchase documentation (the Saskatchewan Scheme).

18. The Saskatchewan Scheme was intended to circumvent the regulatory authority of the SSC.

19. Park acted contrary to the public interest by participating in the Saskatchewan Scheme.

Undisclosed Transaction

20. On November 22, 1999, an investor of IVS (the IVS Investor) commenced a lawsuit in the Supreme Court of British Columbia against McCarney and others (the IVS Litigation).

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21. In the fall of 2000, the IVS Litigation was settled on the basis that McCarney would provide 690,000 shares of MTI to the IVS Investor.
22. To facilitate the settlement, McCarney approached the board of directors of MTI with a private placement proposal. However, he identified Park, not the IVS Investor, as the principal who was to receive the securities. On October 31, 2000, the board of directors of MTI entered into a subscription agreement with Park, under which he would be issued 690,000 units, comprised of common shares and share purchase warrants, at \$1.00 each. In signing the subscription agreement, Park was acting on McCarney's instructions.
23. Neither McCarney nor Park provided the funds to purchase the 690,000 MTI units. Instead, funds from 526053 were used to pay for them.
24. The 690,000 units were delivered to the IVS Investor.
25. McCarney and Park did not disclose to the Investors that 526053's funds were being used to settle the IVS Litigation. This was a material fact that McCarney and Park failed to disclose to the Investors.
26. Park completed a Form 20A(IP) dated November 8, 2000, that was required under the Act to be filed with the Commission in relation to his subscription for the MTI shares. Park knew that the Form 20A(IP) was false when he completed it and that it would be filed with the British Columbia Securities Commission (the Commission).

Mitigating Factor

- ¶ 3 The Executive Director has taken into account as a mitigating factor that Park does not have any reasonable prospect of being able to pay to the Commission the sanction amount of \$75,000, which would otherwise be required in the public interest in respect of the misconduct described in this settlement.

Breaches of the Act

- ¶ 4 During the Relevant Period, Park breached the Act as follows:
1. traded in Loan Agreements and Addendums in British Columbia without being registered in accordance with the requirements of the Act, and without an exemption from the registration requirements of the Act, contrary to section 34(1)(a) of the Act;
 2. distributed Loan Agreements and Addendums in British Columbia without filing a prospectus and without any exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act;

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3. made a misrepresentation to the Investors by omitting to disclose a material fact to them, namely, that their funds were used to settle the IVS Litigation, contrary to section 50(1)(d) of the Act; and
4. made a false statement in a record required to be filed with the Commission, contrary to section 168.1(1)(b) of the Act.

Public Interest

- ¶ 5 Park acted contrary to the public interest by engaging in the conduct set out above.

Undertakings

- ¶ 6 Park undertakes the following:
1. to pay to the Commission the amount of \$5,000; and
 2. not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

- ¶ 7 Park consents to an order by the Executive Director (the Order) that:
1. under section 161(1)(a) of the Act, Park comply fully with the Act, the Securities Rules, and any applicable regulations, policies and guidelines;
 2. under section 161(1)(b) of the Act, Park cease trading in and be prohibited from purchasing any securities for the later of 12 years from the date of the Order and the date Park has paid \$5,000 to the Commission, except that Park may trade and purchase securities in one account held with a registered dealer to whom Park has first provided a copy of the Order;
 3. under section 161(1)(d) of the Act, Park resign any position he holds as a director or officer of any issuer, and be prohibited from becoming or acting as a director or officer of any issuer, for the later of 12 years from the date of the Order and the date Park has paid \$5,000 to the Commission; and
 4. under section 161(1)(d)(iii) of the Act, Park be prohibited from engaging in investor relations activities on behalf of any issuer for the later of 12 years from the date of the Order and the date Park has paid \$5,000 to the Commission.

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Consent to Reciprocal Orders

- ¶ 8 Park consents to any securities regulator anywhere relying on the facts admitted in this settlement to make orders against him.

Waiver

- ¶ 9 Park waives any right he 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.

- ¶ 10 May 31, 2005

“Trevor Park”

- ¶ 11 Trevor William Park

“Gerald Cuttler”)
Witness Signature)
Gerald Cuttler)
Witness Name (please print))
Suite 1810-1111 West Georgia St)
Vancouver, BC V6E 4M3)
Address)
Barrister & Solicitor)
Occupation)

- ¶ 12 June 1, 2005

“Brenda Leong”

Brenda M. Leong
Executive Director