

2006 BCSECCOM 372

Settlement Agreement

Derrick W. Cleveland

Securities Act, RSBC 1996, c. 418

¶ 1 Derrick W. Cleveland has settled the following issues with the Executive Director.

Agreed Statement of Facts

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

Background

1. Cleveland is a resident of the United States and has never been registered under the *Securities Act, RSBC 1996, c. 418* (the Act). From 2000 to 2002 he was a stock trader in Oklahoma City, Oklahoma.
2. Amr Elgindy is a resident of the United States and has never been registered under the Act. He was formerly registered as a trader with the National Association of Securities Dealers in the United States.
3. Jeffrey Royer is a resident of the United States and was formerly an agent for the United States Federal Bureau of Investigation.

Misconduct

4. On July 17, 2002, Cleveland pleaded guilty in the United States District Court for the Eastern District of New York (the Court) to conspiracy to enter into a racketeering enterprise, the objects of which included securities fraud.
5. Cleveland admitted that:
 - (a) from around February 2000 to May 2002, he was involved in a conspiracy with Amr Elgindy, Jeffrey Royer and others to use information from confidential law enforcement and other sources for the purpose of financial gain;
 - (b) the information was used to trade stock and extort stock from companies for less than market value; and
 - (c) his role in the criminal enterprise included seeking information, passing it on and trading stocks based on the information.

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6. Cleveland traded some of the stock through brokerage accounts at Global Securities Corporation in Vancouver, British Columbia.

Public Interest

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

Undertakings

- ¶ 4 Cleveland undertakes to:
1. never apply for registration under the Act; and
 2. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

Order

- ¶ 5 Cleveland consents to an order (the Order) by the Executive Director that:
1. under section 161(1)(a) of the Act, Cleveland comply fully with the Act, the *Securities Rules*, RBC Reg. 194/97, and any applicable regulations;
 2. under section 161(1)(b) of the Act, Cleveland permanently cease trading in and be prohibited from purchasing any securities;
 3. under section 161(1)(d) of the Act, Cleveland resign any position he may hold as a director or officer of any issuer and be permanently prohibited from becoming or acting as a director or officer of any issuer; and
 4. under section 161(1)(d) of the Act, Cleveland be permanently prohibited from engaging in investor relations activities.

Consent to Reciprocal Orders

- ¶ 6 Cleveland consents to any securities regulator in Canada relying on the facts admitted in this settlement to make orders against him that are substantially similar to the Order.

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Waiver

¶ 7 Cleveland 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.

¶ 8 June 7, 2006

¶ 9 Derrick W. Cleveland
Derrick W. Cleveland

Robert A. Manchester)
Witness Signature)
)
Robert A. Manchester, III)
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)
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¶ 10 June 15, 2006

Brenda M. Leong

¶ 11 Brenda M. Leong
Executive Director