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Settlement Agreement

Robert Michael Doherty

Securities Act, RSBC 1996, c. 418

¶ 1 Robert Michael Doherty has settled the following issues with the Executive Director.

Agreed Statement of Facts

¶ 2 For securities regulatory purposes only, and as the basis for the undertakings and orders referred to in this settlement, Doherty acknowledges the following facts as correct:

Background

1. Greyfield Capital, Inc. (Greyfield) was incorporated in Nevada in 1998. Greyfield is not a reporting issuer in British Columbia and has never been registered under the *Securities Act*, RSBC 1996, c. 418 (the Act). Greyfield's securities trade through the Pink Sheets, an electronic quotation system in the United States for over the counter securities.
2. Mervin George Fiessel (Fiessel) and Doherty are residents of Kamloops, British Columbia. They have known each other for more than ten years. Neither Fiessel nor Doherty has ever been registered in any capacity under the Act.
3. Kamloops Autorama & R.V. Ltd. (Autorama) is a British Columbia company. It operates a Kamloops-based used car dealership that has been in business since 2003.
4. In early 2005, Fiessel agreed with Autorama's owner to take steps to make Autorama a public company.

Taking Control of Greyfield

5. Fiessel was familiar with Greyfield, because he had been involved in a proposed business venture with it in 1999, which did not proceed.
6. In the course of Fiessel's previous dealings with Greyfield, one of the company's then directors (the Former Director) gave Fiessel a stamp of his signature. Fiessel was aware that the Former Director had resigned.
7. In and around April 2005, Fiessel learned that the Pink Sheets could not confirm Greyfield's contact information. Fiessel entered into certain discussions with Doherty and a Virginia resident (AB). AB contacted Greyfield's transfer agent.

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8. After further discussions among Fiessel, Doherty and AB, Fiessel supplied Doherty with the Former Director's signature stamp. Doherty then prepared two letters on Greyfield's letterhead that purported to be written by the Former Director as Greyfield's sole current director, and Doherty applied the Former Director's signature stamp to each of them.
9. The first letter announced the appointment of Doherty as president, chief financial officer and a director of Greyfield, and AB as secretary and a director of Greyfield. The second letter announced the Former Director's resignation as president and sole director of Greyfield.
10. The Former Director was unaware of the letters (the First Appointment Letters) or that his signature had been applied to them.
11. On April 15, 2005, Doherty submitted the First Appointment Letters to Greyfield's transfer agent who accepted them, and Doherty and AB began acting as Greyfield's directors and officers.
12. Doherty followed instructions and advice from Fiessel and AB on matters relating to Greyfield.
13. After purporting to assume the management of Greyfield, Doherty and AB reincorporated Greyfield as an Oregon company, and Doherty sent the transfer agent a treasury order to issue 10 million shares to each of Doherty and AB. They never sold these shares and never profited from owning them.

Distribution of Greyfield Shares

14. Fiessel owned a Texas company called Gold Technologies, Inc. (GTI). On April 20, 2005, GTI subscribed for 600 million shares of Greyfield for a total price of USD \$120,000. GTI did not pay Greyfield for the shares.
15. Doherty and AB obtained a legal opinion dated April 22, 2005 for submission to Greyfield's transfer agent. Fiessel paid for the opinion. The legal opinion said that the shares Greyfield issued to GTI would be free trading based on certain conditions, including that GTI was not an affiliate of Greyfield. Instead the shares should have been restricted because Fiessel owned GTI and because, upon issue, GTI would hold over 95% of the outstanding shares of Greyfield.
16. In May 2005, Fiessel directed Doherty to issue and deliver, from the 600 million shares subscribed for by GTI, approximately 477 million free trading shares to Fiessel, CD and his wife, and promoters in the United States. Doherty signed a treasury order that he delivered to the transfer agent reflecting those directions.

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Promoting Greyfield's Stock

17. Sometime prior to May 23, 2005, AB instructed Doherty to open an account on a website called "Investorhub.com", an online forum for investors. Doherty posted information on the website under the name "greyfieldpresz."
18. On May 23, 2005, Doherty posted a message on Investorhub.com stating that Greyfield's outstanding capital was 65 million shares. The statement was not true.
19. In or around June 2005, people made negative comments in internet chat room sites regarding the failure of Greyfield's stock price to rise.
20. After discussions between Fiessel and Doherty, Doherty agreed to resign his director and officer positions. AB had already resigned his director and officer positions.
21. Fiessel suggested that the daughter of Fiessel's former wife (the Stepdaughter) should be appointed as interim president and a director of Greyfield. On June 30, 2005, Doherty signed a letter purporting to resign his director and officer positions in Greyfield. Also on that date, Doherty signed another letter purporting to appoint the Stepdaughter as president and director, effective July 1, 2005.
22. Doherty also prepared a letter dated June 30, 2005 to be signed by the Stepdaughter accepting the appointment as president and director of Greyfield. Doherty applied a stamp of the Stepdaughter's signature to the letter, using a signature stamp that Fiessel provided to him. The Stepdaughter was unaware of the letter (the Second Appointment Letter) or that her signature had been applied to it. The Stepdaughter was never involved with Greyfield or performed any duties for Greyfield.
23. On July 28, 2005, a press release announced the purported change in the management of Greyfield.
24. In May, June and July, 2005, Greyfield issued press releases and website disclosure that contained the following representations:
 - (a) Greyfield had acquired Autorama;
 - (b) Autorama was a highly profitable, fast growing premium automobile dealership;
 - (c) Autorama was quickly becoming the largest automobile dealership in western Canada;
 - (d) Greyfield was initiating a marketing program on eBay;

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- (e) Greyfield had launched operations in Merritt, British Columbia;
- (f) Greyfield had signed a lease for three acres of land in Nelson, British Columbia for another dealership; and
- (g) Greyfield was negotiating to acquire an existing Mitsubishi dealership.

These statements (the Autorama Misrepresentations) were either not true or misleading.

Misconduct

25. Doherty, as a *de facto* director and officer of Greyfield, authorized, permitted or acquiesced in the following statements made by Greyfield that he knew or ought reasonably to have known were misrepresentations, contrary to sections 50(1)(d) and 168.2 of the Act:

- (a) the Autorama Misrepresentations;
- (b) the statement to Greyfield's transfer agent and the public statement that Doherty was the president and director and AB was the director and secretary of Greyfield;
- (c) the public statement that the Stepdaughter was the president and director of Greyfield; and
- (d) the website posting on Investorhub.com that Greyfield's outstanding share capital was 65 million shares.

(collectively, the Greyfield Misrepresentations).

26. By instructing, Greyfield's transfer agent to issue and distribute approximately 477 million Greyfield shares, Doherty traded securities without being registered and made a distribution without a prospectus having been filed, contrary to sections 34 and 61 of the Act.

27. By:

- (a) affixing the First Director's signature to the First Appointment Letters using the signature stamp provided to him by Fiessel;
- (b) taking control of Greyfield's management and acting as director and officer of Greyfield;

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(c) directing Greyfield's transfer agent to transfer and deliver certificates for approximately 477 million free trading shares to Fiessel, CD and his wife, and promoters from the 600 million shares originally subscribed for by GTI; and

(d) affixing the Stepdaughter's signature to the Second Appointment Letter using the signature stamp provided to him by Fiessel,

Doherty acted with deliberate or reckless disregard of a regulatory requirement in the United States contrary to the public interest in British Columbia.

Public Interest

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

Undertakings

¶ 4 **Money Sanction**

Doherty has provided evidence sufficient for the Executive Director to accept that he does not have any reasonable prospect of being able to pay to the British Columbia Securities Commission the sanction amount of CAD \$55,555, which would otherwise be required in the public interest in respect of the misconduct described in this settlement.

Disgorgement of Profits

As a term of settlement with the Securities & Exchange Commission (SEC), Doherty has agreed to consent to an order by the US District Court that he pay USD \$26,125.40 to the SEC for distribution to the persons who purchased the Greyfield shares sold by Fiessel. This represents the amount of compensation Doherty received in connection with the Greyfield scheme.

Order

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

1. under section 161(1)(a) of the Act, he comply fully with the Act, the *Securities Rules*, and any applicable regulations;
2. under section 161(1)(b) of the Act, he permanently cease trading in, and be prohibited from purchasing any, securities except that he may trade and purchase securities for his own account through accounts in his own name with a single dealer registered to trade in securities under the Act so long as he provides the dealer with a copy of the Order;
3. under section 161(1)(d)(i) and (ii) of the Act, he resign any position he may hold, and be permanently prohibited from becoming or acting, as a director or officer of any issuer, except Quest Education Services Inc. and 597192 BC Ltd.; and

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4. under section 161(1)(d)(iii) of the Act, he be permanently prohibited from engaging in investor relations activities.

Consent to Reciprocal Orders

- ¶ 6 Doherty consents to any securities regulator in Canada relying on the facts admitted in this settlement to make orders enjoining him from carrying on any of the activities that he is prohibited from doing by the Order.

Waiver

- ¶ 7 Doherty 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 July 13, 2006

“Robert Doherty”

- ¶ 9 Robert Michael Doherty

“Kenneth MacKinlay”)
Witness Signature)
Kenneth Bruce MacKinlay)
Witness Name (please print))
#100 – 153 Seymour Street)
)
Kamloops, BC V2C 2C7)
Address)
Notary Public)
Occupation)

- ¶ 10 October 26, 2006

“Brenda Leong”

- ¶ 11 Brenda M. Leong
Executive Director