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Settlement Agreement

Mervin George Fiessel

Securities Act, RSBC 1996, c. 418

- ¶ 1 Mervin George Fiessel 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, Fiessel 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. Fiessel and Robert Michael Doherty (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. Fiessel has known Autorama's owner for more than 10 years.
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.

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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.
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.
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. Fiessel and AB advised Doherty 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.

Funding controlled by Fiessel

14. At all relevant times, Fiessel had direction and control over certain brokerage accounts held in the name of a resident of Jersey (CD). Fiessel used proceeds from the sale of securities in these accounts to fund expenses relating to the Greyfield scheme, including Doherty's compensation.

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Distribution of Greyfield Shares

15. 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. Fiessel mistakenly believed that someone else had previously paid for the shares.
16. 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.
17. 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. Fiessel deposited approximately 147 million of the shares into US brokerage accounts he opened in his own name and in the name of GTI. Fiessel also deposited at least 155 million shares into nine US brokerage accounts owned by CD and his wife. Fiessel had trading authority over at least five of the nine accounts.
18. Between May 6, 2005 and July 26, 2005, Fiessel sold approximately 136,858,684 shares of Greyfield in the over the counter market in the United States through US brokerage accounts in his name and in the name of CD and his wife. The profit from these trades was USD \$173,612.

Promoting Greyfield's Stock

19. Sometime prior to May 23, 2005, Doherty opened an account on a website called "Investorhub.com," an online forum for investors. Doherty posted information on the website under the name "greyfieldprez."
20. 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.
21. In or around June 2005, people made negative comments in internet chat room sites regarding the failure of Greyfield's stock price to rise.

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22. After discussions between Fiessel and Doherty, Doherty agreed to resign his director and officer positions. AB had already resigned his director and officer positions.
23. 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.
24. 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.
25. On July 28, 2005, a press release announced the purported change in the management of Greyfield.
26. 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;
 - (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.

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

Misconduct

27. By engaging in the conduct summarized above, Fiessel acted as a de facto director and officer, which was never disclosed. Fiessel, 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 public statement that Doherty was the president and director and AB was the director and secretary of Greyfield; and
- (c) the public statement that the Stepdaughter was the president and director of Greyfield

(collectively, the Greyfield Misrepresentations).

28. Fiessel, by directing Doherty to issue and distribute approximately 477 million Greyfield shares, traded securities without being registered and made a distribution without a prospectus having been filed, contrary to sections 34 and 61 of the Act.

29. By:

- (a) providing Doherty with a stamp of the Former Director's signature used to affix to the First Appointment Letters;
- (b) facilitating the taking of control of Greyfield's management and acting as a de facto director and officer of Greyfield;
- (c) directing Doherty 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;
- (d) authorizing, permitting or acquiescing in the Greyfield Misrepresentations;

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- (e) providing Doherty with a stamp of the Stepdaughter's signature used to affix to the Second Appointment Letter; and
- (f) selling approximately 136,858,684 shares of Greyfield into the public market, when he knew or ought to have known that the share issue was unauthorized and that Greyfield's public disclosure was materially false or misleading

Fiessel committed violations of the United States *Securities Exchange Act of 1934* (the 1934 Act) sufficient to satisfy the requirements for a Third Tier penalty under section 21(d) (3) of the 1934 Act. A Third Tier penalty applies to violations that involve fraud or deliberate or reckless disregard of a regulatory requirement; and that result in substantial losses or create a significant risk of substantial losses to others, or result in substantial pecuniary gain to the person who committed the violation.

Public Interest

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

Undertakings

¶ 4 **Money Sanction**

Fiessel shall pay to the British Columbia Securities Commission CAD \$144,445, which is due and payable immediately without further demand, upon execution of this Settlement Agreement. This is the amount in Canadian currency that is equivalent to an appropriate sanction for a Third Tier penalty under the 1934 Act.

Disgorgement of Profits

Fiessel shall pay to the United States Securities and Exchange Commission (SEC) USD \$147,486.60 plus pre-judgment interest for distribution to the persons who purchased the Greyfield shares sold by Fiessel. This amount represents the profits from the sale of Greyfield shares directed by Fiessel less the amount of Doherty's compensation, which Doherty has undertaken to disgorge. This amount is due and payable immediately without further demand, upon execution of this Settlement Agreement.

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Order

- ¶ 5 Fiessel 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 through a single account with a 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; and
 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 Fiessel consents to any securities regulator in Canada relying on the facts admitted in this settlement solely to make the orders against him that are equivalent to the four orders summarized immediately above.

Waiver

- ¶ 7 Fiessel waives any right they 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.

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¶ 8 August 22, 2006

“Mervin Fiessel”

¶ 9 Mervin George Fiessel

“Alberto C.”)
Witness Signature)
Alberto C.)
Witness Name (please print))
Centro Comercial Bayside)
)
Costa Azul Local 1-46)
Address)
Director)
Occupation)

¶ 10 October 26, 2006

“Brenda Leong”

¶ 11 Brenda M. Leong
Executive Director