

2008 BCSECCOM 99

Settlement Agreement

Gregory William Rivers, Advanced Rescue Technologies Inc. and NOF Electrical Generation Inc.

Securities Act, *RSBC 1996, c. 418*

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director), Gregory William Rivers (Rivers), Advanced Rescue Technologies Inc. (ARTI) and NOF Electrical Generation Inc. (NOF) (the Respondents) have settled the following issues with the Executive Director.

Agreed Statement of Facts

1. Rivers is a resident of Quesnel, British Columbia. Rivers has never been registered under the *Securities Act*, RSBC 1996, c. 418 (Act).
2. ARTI is a British Columbia company. ARTI was in the business of attempting to design and market a rescue shuttle for transport of injured persons. ARTI has never been registered or filed a prospectus under the Act.
3. NOF is a British Columbia company. NOF was in the business of attempting to construct an electrical co-generation power plant. NOF has never been registered or filed a prospectus under the Act.
4. Rivers was a director and president of NOF and ARTI.

Misconduct

Illegal Distributions

5. Between February 2002 and March 2005, ARTI distributed, directly and through agents, approximately \$2.1 million in preferred shares of ARTI to approximately 48 investors. Of those investors, at least 8 reside in British Columbia, 27 reside in Ontario and 4 reside in Manitoba. The eight British Columbia residents invested a total of \$182,740.
6. Between November 2002 and April 2005, NOF distributed, directly and through individual corporate agents approximately \$4.5 million in preferred shares of NOF to approximately 96 investors. Of those investors, at least 19 are British Columbia residents, 43 are Alberta residents, 10 are Ontario residents, 5 are Saskatchewan residents and 2 are Manitoba residents. The 19 British Columbia residents invested a total of approximately \$769,000.

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7. ARTI and NOF:
 - (a) traded in securities without being registered, contrary to section 34(1)(a) of the Act; and
 - (b) distributed securities without a prospectus, contrary to section 61(1) of the Act.
8. As director and chief executive officer of ARTI and NOF, Rivers acquiesced in ARTI's and NOF's illegal trading and distribution of securities, contrary to section 168.2 of the Act.

Misrepresentations

9. In making distributions of securities, ARTI and Rivers failed to specifically disclose to investors that in addition to using the investors' funds for investment in the design and marketing of a rescue shuttle for transport of injured persons:
 - (a) ARTI paid Alvin Lee Johnson (Johnson) approximately \$4,950 in commission for his sale of ARTI securities; and
 - (b) ARTI paid VG Capital Group Inc. approximately \$69,949.
10. In making distributions of its securities, NOF and Rivers failed to specifically disclose to investors that that in addition to using the investors' funds for investment in the construction of an electrical co-generation power plant:
 - (a) NOF made interest-free non arm's length loans of \$3,745,972 to various individuals and companies; and
 - (b) NOF also made loans and payments of \$289,000 to ARTI.
11. These were material facts in relation to the investors' investment in NOF and ARTI securities. Rivers', ARTI's and NOF's failure to inform the investors of these facts made their statements to them misleading in the circumstances in which they were made, contrary to section 50(1)(d) of the Act.

Public Interest

12. Rivers, ARTI and NOF acted contrary to the public interest by engaging in the conduct set out above.

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Inability to Pay

13. Rivers does not have any reasonable prospect of being able to pay the full sanction amount of \$100,000, which would otherwise be required in the public interest in respect of the conduct described in this settlement.
14. Neither ARTI nor NOF has any reasonable prospect of being able to pay the full sanction amount of \$150,000, which would otherwise be required from each of them in the public interest in respect of the conduct described in this settlement.

Undertaking

15. Rivers shall pay \$10,000 to the British Columbia Securities Commission, which is due and payable immediately, without further demand.

Mitigating Factors

- ¶ 2 The Executive Director has taken into account as a factor mitigating the sanctions which would otherwise have applied in the public interest that Rivers relied upon the professional advice and guidance of a chartered accountant. In particular, he relied on advice related to providing interest-free non arm's length loans.

Order

- ¶ 3 The Executive Director will issue an order (the Order) that:
 1. under section 161(1)(a) of the Act, Rivers, ARTI and NOF comply fully with the Act, the Securities Rules, and any applicable regulations;
 2. under section 161(1)(b) of the Act:
 - (a) Rivers will cease trading in and will not purchase any securities for 12 years from the date of the Order, except that Rivers may trade and purchase securities in one account in his name held with a registered dealer provided Rivers gives a copy of the Order to the registered dealer; and
 - (b) ARTI and NOF permanently cease trading in and be permanently prohibited from purchasing any securities;
 3. under section 161(1)(d)(i) and (ii) of the Act, Rivers resign any position he may hold, and is prohibited from becoming or acting, as a director or officer of any issuer for the later of:
 - (a) 12 years from the date of the Order;

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- (b) the date Rivers successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers; and
4. under section 161(1)(d)(v) of the Act:
- (a) Rivers is prohibited from engaging in any investor relations activities for 12 years from the date of the Order; and
 - (b) NOF and ARTI are permanently prohibited from engaging in investor relations activities on behalf of any issuer.

Consent to Reciprocal Orders

- ¶ 4 Any securities regulator in Canada may rely on the facts admitted in this agreement solely for the purpose of making an order similar to the one contemplated above.

Waiver

- ¶ 5 Rivers, ARTI and NOF waive 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.

Counterpart

- ¶ 6 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

- ¶ 7 February 15, 2008

- ¶ 8 Gregory W Rivers
Gregory William Rivers

J. F. Rivers)
Witness Signature)
Janice F. Rivers)
Witness Name (please print))
2526 Norwood Rd)
Quesnel BC V2J 7B9)
Address)
Customer Service – Service BC)
Occupation

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¶ 9 February 15, 2008

¶ 10 Gregory W. Rivers (President)
Advanced Rescue Technologies Inc.

Gregory W. Rivers
Authorized Signatory
Gregory W. Rivers
Please print name

J F Rivers)
Witness Signature)
Janice F. Rivers)
Witness Name (please print))
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¶ 13 February 15, 2008

Brenda Leong

¶ 14 Brenda M. Leong
Executive Director