

2010 BCSECCOM 96

Settlement Agreement

Glen Matthew

Securities Act, RSBC 1996, c. 418 (the Act)

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Glen Matthew (Matthew) agree as follows:

Agreed Statement of Facts

Background

1. Matthew is a 68-year old resident of British Columbia.
2. Frey Mining Company Ltd. (Frey Mining) is a Nevada company. It offered for sale a security that promised to give investors a percentage of the future sale proceeds of gold and precious metals from a Utah mine (the Frey Mining Security).
3. Moenkopi Resources Inc. (Moenkopi) is a Nevada company. It offered for sale a security that purported to allow investors to receive ten times their initial investment upon Moenkopi receiving its first payment from a high-yield private placement program (the Moenkopi Security).
4. Mercury Capital S.A. (Mercury) is a Turks and Caicos company. It offered for sale a security that purported to allow investors to participate in a high-yield non solicitation feeder program. Mercury promised to pay investors 25% per month for four months with the return of all principal at the end of the fourth month (the Mercury Security).
5. Between 2002 and 2006 (the Relevant Period), Matthew acted as an investor relations representative for Frey Mining, Moenkopi and Mercury (the Companies) and solicited investors to purchase the Companies' securities.
6. During the Relevant Period, Matthew was not registered to trade securities under the Act.
7. The Companies have never filed a prospectus to distribute their securities under the Act.

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8. The Companies sold at least USD \$1,081,572 of their securities to at least 33 investors. Matthew helped sell USD \$885,500 to 23 investors (the Distributions).
9. Matthew received USD \$198,840 in salary for doing work and bringing investors to the Companies.
10. Matthew made the following statements to investors in Moenkopi and Mercury securities (the Promises):
 - (a) Investors' money would be invested with traders dealing in large private high-yield trading programs;
 - (b) Investors' funds would not be put at risk;
 - (c) Investors in the Moenkopi Security would receive returns of ten times their initial investment; and
 - (d) Investors in the Mercury Security would receive returns of 25% per month for four months and the return of their principal at the end of four months.
11. The above statements were false or misleading because:
 - (a) private high-yield trading programs as described in the Promises did not exist; and
 - (b) profits of 25% per month or "10 times the amount initially invested" with little or no risk through a securities investment are impossible.
12. Matthew was aware that Moenkopi investors did not receive any payments as promised and still solicited investors for Mercury Security, which was substantially similar to Moenkopi Security.

Misconduct

13. By participating in the Distributions, Matthew:
 - (a) traded in securities without being registered, contrary to section 34(1) of the Act;
 - (b) distributed securities without filing a prospectus, contrary to section 61 of the Act; and
 - (c) made statements to Moenkopi Security and Mercury Security investors that he ought to have known were misrepresentations, contrary to section 50(1)(d) of the Act.

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Public interest

14. Matthew acted contrary to the public interest by engaging in the conduct set out above.
15. In 2002, the Saskatchewan Securities Commission issued a temporary order against Matthew stating that Matthew “traded in securities in a prime bank instrument investment scheme known to be fraudulent in Saskatchewan”. Since no hearing was requested, the temporary order was extended until such time that Matthew requests a hearing.

Inability to pay

16. Since the Mercury Security program ended, Matthew has been living in a friend’s house doing menial jobs in exchange for free housing and has had no steady income, assets or savings. He provided the Executive Director with sufficient proof that his liabilities exceed his assets.
17. There is no reasonable prospect of Matthew paying a fine of \$150,000 that would otherwise be assessed in the public interest for the misconduct described in this Settlement Agreement.

Order

- ¶ 2 The Executive Director will issue an order that (the Order):
- a. under section 161(1)(b) of the Securities Act, RSBC 1996, c. 418, Matthew cease trading in and be prohibited from purchasing any securities, except that he may trade and purchase securities through one account in his own name through a registered representative if he provides a copy of this Order to the registered representative before any trade;
 - b. under section 161(1)(d)(i) and (ii) of the Act, Matthew be prohibited from becoming or acting as a director or officer of any issuer;
 - c. under section 161(a)(d)(iv) of the Act, Matthew be prohibited from acting in a management or consultative capacity in connection with activities in the securities market, and
 - d. under section 161(1)(d)(v) of the Act, Matthew be prohibited from engaging in investor relations activities

for a period of fifteen years from the date of the Order.

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Consent to Reciprocal Orders

- ¶ 3 Any securities regulator in Canada may rely on the facts admitted in this agreement solely for the purpose of making a similar Order.

Waiver

- ¶ 4 Matthew 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.

Counterpart

- ¶ 5 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.

- ¶ 6 February , 2010

“Glen Matthew”

- ¶ 7 Glen Matthew

“Bailey Forfar”

Witness Signature)

Bailey Forfar)

Witness Name (please print))

1505 Lonsdale Ave)

North Van, BC V7M 2S9)

Address)

Bank Teller)

Occupation)

- ¶ 8 February 11, 2010

“M. Eady”

- ¶ 9 Martin D. Eady, CA
Acting Executive Director