

# 2011 BCSECCOM 211

## Settlement Agreement

### Theodore Nitta and Venturex Global Investment Corporation

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

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director), Theodore Nitta (Nitta), and Venturex Global Investment Corporation (Venturex) (the Respondents) agree as follows:

#### **Agreed Statement of Facts**

##### ***Background***

1. Venturex is a company incorporated under the *Canada Business Corporations Act* on September 7, 2000. Venturex carried on its business in British Columbia.
2. Venturex's primary business was the development and operation of private schools in Canada and the United States.
3. Venturex has never been registered in any capacity under the Act, and has never filed a prospectus for the distribution of its securities.
4. Nitta is a British Columbia resident, and the sole remaining officer and director of Venturex. Nitta began acting as an officer and director of Venturex in 2005 when the original officers and directors resigned and left the company.
5. Nitta was registered under the Act as a mutual funds salesperson from May 1998 to September 2004. Nitta was also a licensed life insurance agent from 1981 to July 2009.

##### ***Misconduct – Illegal Trading and Distributions***

6. Between 2001 and 2008, Venturex raised approximately \$12.4 million by selling securities to approximately 82 investors.
7. Venturex failed to file exempt distribution reports for any of its distributions.
8. Of the total capital raised, the Respondents distributed Venturex securities to approximately 50 investors for net proceeds of approximately \$3.5 million, for which there were no exemptions from the registration and prospectus requirements under the Act.

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9. By trading and distributing securities without registration and without filing a prospectus, Nitta and Venturex contravened sections 34 and 61 of the Act.
10. By failing to file exempt distribution reports, Venturex contravened part 6 of National Instrument 45-106 – *Prospectus and Registration Exemptions*

### ***Relationship with Investors***

11. As an insurance agent and mutual funds salesperson, Nitta was a financial professional. His clients relied on him for financial advice.
12. The majority of the investors that purchased Venturex securities through Nitta were also his insurance and mutual funds clients. Many of those investors purchased Venturex securities because they trusted Nitta.

### ***Inability to Pay Administrative Penalty***

13. Nitta is 50 years old, unemployed, with no assets and substantial liabilities. Mr. Nitta is a defendant in at least five civil legal proceedings commenced by investors with respect to the conduct described in this Settlement Agreement. To date, judgment has been granted in at least two of those proceedings.
14. Nitta has no reasonable prospect of being able to pay the \$150,000 that would otherwise be appropriate in the public interest for the misconduct described in this Settlement Agreement.

### ***Undertakings***

15. Nitta and Venturex have undertaken to the Executive Director that they will take all necessary steps, and provide any assistance required, to wind up Venturex and distribute any remaining assets to the investors (the Undertakings).

### **Order**

- ¶ 2 The Executive Director, considering it to be in the public interest, will issue an order (the Order) that:
1. under section 161(1)(b) of the Act, all persons permanently cease trading in or purchasing the securities of Venturex;
  2. under section 161(1)(b) of the Act, Nitta cease trading or purchasing securities or exchange contracts for 15 years from the date of the Order, except that he may trade and purchase securities and exchange contracts through a registrant in one cash and one RSP account if he first provides a copy of the Order to the registrant;

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3. under sections 161(d)(i) and (ii) of the Act, Nitta resign any position that he holds as director or officer of any issuer, and Nitta is prohibited from acting as a director or officer of any issuer for 15 years from the date of the Order, except that;
  - (a) Nitta may continue to act as officer and director of Venturex for the purpose of complying with the Undertakings; and
  - (b) Nitta may act as officer and director of any issuer in which he personally owns all of the securities;
4. under section 161(d)(iii) of the Act, Nitta is prohibited from becoming or acting as a registrant or promoter for 15 years from the date of the Order;
5. under section 161(d)(iv) of the Act, Nitta is prohibited from acting in a management or consultative capacity in connection with activities in the securities market for 15 years from the date of the Order; and
6. under section 161(d)(v) of the Act, Nitta is prohibited from engaging in investor relations activities for 15 years from the date of the Order.

### **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 Nitta 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.

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## 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 May 6, 2011

¶ 7 Theodore Nitta )  
Theodore Nitta

Patricia Taylor )  
Witness Signature )  
Patricia Taylor )  
Witness Name (please print) )  
1200 – 625 Howe Street )  
Vancouver, BC V6C 2T6 )  
Address )  
Barrister & Solicitor )  
Occupation )

¶ 8 Theodore Nitta )  
Venturex Global Investment  
Corporation  
(Signing Authority)

Theodore Nitta )  
Print Signing Authority Name

Patricia Taylor )  
Witness Signature )  
Patricia Taylor )  
Witness Name (please print) )  
1200 – 625 Howe Street )  
Vancouver, BC V6C 2T6 )  
Address )  
Barrister & Solicitor )  
Occupation )

¶ 9 May 6, 2011

Paul Bourque  
¶ 10 Paul C. Bourque, Q.C.  
Executive Director