



British Columbia Securities Commission

Citation: 2015 BCSECCOM 212

Settlement Agreement

Peter R. Kellogg and IAT Reinsurance Company Ltd.

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

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director), Peter R. Kellogg (Kellogg) and IAT Reinsurance Company Ltd. (IAT), agree as follows:

Agreed Statement of Facts

Background

1. Kellogg is a resident of New Jersey, United States of America (USA).
2. IAT is a corporation under the laws of Bermuda with operations in the USA.
3. Kellogg is the controlling shareholder of IAT.
4. Together, Kellogg and IAT beneficially own or control approximately 32.7% of the common shares in the capital of MFC Industrial Ltd. (MFC).
5. MFC is a British Columbia corporation, and a reporting issuer in British Columbia under the Act. MFC has operations around the world, and its shares trade on the New York Stock Exchange (NYSE).

Failure to file Insider Reports

6. Kellogg and IAT became reporting insiders of MFC in 1999 by acquiring beneficial ownership or control over more than 10% of MFC's issued and outstanding common shares. As reporting insiders, the Act required Kellogg and IAT to file certain reports with the British Columbia Securities Commission (the Commission) disclosing their beneficial ownership or control of MFC shares, and any subsequent changes.
7. From the time they became reporting insiders until October 1, 2013, Kellogg and IAT failed to file:
 - (a) an initial insider report disclosing their beneficial ownership and control over MFC shares as required by part 3.2 of NI 55-104;
 - (b) all subsequent insider reports disclosing changes in their beneficial ownership and control over MFC shares as required by part 3.3 of NI 55-104;



- (c) an initial early warning news release and report disclosing, among other things, that they had acquired beneficial ownership or control over more than 10% of MFC shares as required by part 5.2 of MI 62-104 and 3.1 of 62-103; and
 - (d) all additional news releases and reports disclosing each time they acquired beneficial ownership or control over an additional 2% or more of MFC's shares as required by part 5.2 of MI 62-104 and 3.1 of 62-103.
8. On October 1, 2013, Kellogg issued and filed an early warning news release and report disclosing that he and IAT had control or direction over 33% of MFC common shares, and late-filed all required insider reports.
9. In total, Kellogg and IAT failed to file reports in relation to more than 400 transactions with an approximate total transaction value in excess of \$100 million. All transactions occurred in the open market over the NYSE, or in distributions directly from MFC.

Mitigating Factors

10. Upon discovery of their reporting failures, Kellogg and IAT made all required filings, paid late-filing fees of \$7,750, and voluntarily reported their non-compliance to the Commission.
11. Kellogg and IAT disclosed certain details of their beneficial ownership and control over MFC shares in filings with the United States Securities and Exchange Commission (the SEC). The SEC filings included disclosure to the public that Kellogg and IAT beneficially owned or controlled more than 10% of MFC's shares as of July 29, 1999, and that their ownership and control had grown to 25.99% as of March 9, 2001.
12. Kellogg and IAT cooperated with the Executive Director in reaching this Settlement Agreement.

Undertaking

13. Kellogg and IAT jointly undertake to pay \$25,000 to the Commission in respect of settlement of this matter which sum is due and payable immediately without further demand.

Waiver

- ¶ 2 Kellogg and IAT 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

¶ 3 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.

¶ 4 June 9, 2015

¶ 5 Peter R. Kellogg
Peter R. Kellogg

Marguerite R. Gorman)
Witness Signature)
Marguerite R. Gorman)
Witness Name (please print))
)
48 Wall Street, New York City)
Address)
Executive Assistant)
Occupation)

¶ 6 Tony Kerbs
IAT Reinsurance Company Ltd.
Authorized Signing Officer

Marguerite R. Gorman)
Witness Signature)
Marguerite R. Gorman)
Witness Name (please print))
)
48 Wall Street, New York City)
Address)
Executive Assistant)
Occupation)

¶ 7 June 11, 2015

Paul Bourque

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