

2002 BCSECCOM 985

Settlement Agreement

**National Credit Counsellors of Canada Inc., Partners Financial Services Inc.,
Partners Financial Strategies Inc., Allan Arthur Dickman,
Douglas James Ainslie and Roy Allen Wiebe**

Securities Act, RSBC 1996, c. 418

¶ 1 The following settlement of issues has been reached between National Credit Counsellors of Canada Inc. (National), Partners Financial Services Inc. (Services), Partners Financial Strategies Inc. (Strategies) (collectively referred to as the Issuers), Allan Arthur Dickman (Dickman), Douglas James Ainslie (Ainslie) and Roy Allen Wiebe (Wiebe), and the Executive Director.

Agreed Statement of Facts

¶ 2 As the basis for the undertakings and orders referred to in this settlement, the Issuers acknowledge the following facts as correct:

1. National, Services, and Strategies were incorporated in British Columbia on September 15, 1995, July 20, 1998, and February 5, 1999, respectively.
2. The Issuers, none of which are reporting issuers in British Columbia, have never been registered in any capacity under the *Securities Act*, RSBC 1996, c. 418.
3. All three of the Issuers, which have a common office located in Abbotsford, British Columbia, engage in related business activities, and have shared two common directors, namely, Dickman and Wiebe, since their respective incorporations.
4. For the period from May 28, 1986 through to April 12, 1988, Dickman was registered under the Act as a mutual fund salesperson, and, for the period from December 10, 1990 through to September 26, 1991, Dickman was registered under the Act as a scholarship plan salesperson.
5. Ainslie served as a director of National for the period from June 9, 1999 through to August 15, 2001.
6. Ainslie and Wiebe have never been registered in any capacity under the Act.
7. During the period from September 15, 1995 through to August 31, 2001, Dickman and Ainslie caused National to raise approximately \$979,032, by

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distributing 21,051,295 of National's common shares to 166 British Columbia persons.

8. During the period from July 20, 1998 through to August 31, 2001, Dickman and Ainslie caused Services to raise approximately \$368,563, by distributing 852,751 of Services' common shares to 38 British Columbia persons.
9. During the period from February 5, 1999 through to August 31, 2001, Dickman and Ainslie caused Strategies to raise approximately \$657,791, by distributing 1,285,954 of Strategies' common shares to 68 British Columbia persons.
10. The Issuers purported to rely upon the registration and prospectus exemption found at sections 46(j) and 75(a) of the Act (the Private Issuer Exemption), to distribute their securities to persons in British Columbia. The Private Issuer Exemption requires, among other things, that the investors have a special relationship with the issuer such that they are not "members of the public".
11. The majority of the persons that purchased the securities of the Issuers did not meet the requirements of the Private Issuer Exemption because they did not have a special relationship with the Issuers, and, as a result, were members of the public.
12. The Issuers did not file a prospectus under the Act, nor were they able to rely upon any statutory exemptions from the registration and prospectus requirements of the Act, including the Private Issuer Exemption, to distribute their securities in British Columbia, contrary to sections 34(1) and 61(1) of the Act (the Illegal Distributions).
13. Dickman and Ainslie participated in the Illegal Distributions, by trading in the securities of the Issuers without being able to rely upon any statutory exemption from the registration requirements of the Act, contrary to section 34(1) of the Act.
14. Although Wiebe was a director of the Issuers during all material times, he failed to question the actions of Dickman and Ainslie, in respect of the Illegal Distributions; however, since Wiebe was not directly involved in soliciting any persons to invest in the securities of the Issuers, he did not directly participate in the Illegal Distributions.
15. In September of 2001, NCC Financial Corp. (NCC), a non-reporting issuer in British Columbia, made a take over bid (the Take Over Bid) to purchase all of the outstanding common shares of the Issuers, whereby each shareholder of

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the Issuers would receive 0.75 of a common share of NCC for every one common share of the Issuers that they owned.

16. At the time of the Take Over Bid, the Issuers had provided to each of their respective shareholders an offer to rescind the shareholder's purchase of the securities of the Issuers (the Rescission Offer).
17. As of the date of this settlement, the Issuers had not paid refunds to any of the 20 shareholders of the Issuers that had accepted the Rescission Offer.

Undertaking

¶ 3 The Issuers undertake to:

1. comply fully with the Act, the *Securities Rules*, B.C. Reg. 194/97, and any applicable regulations, from the date of this settlement;
2. pay to the British Columbia Securities Commission the sum of \$5,000, of which \$1,000 represents the costs of the investigation; and
3. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

¶ 4 Dickman and Ainslie undertake to:

1. comply fully with the Act, the Rules, and any applicable regulations, from the date of this settlement;
2. not act as directors or officers of the Issuers, or the Issuers' successor companies, in the future;
3. each pay to the Commission the sum of \$2,500; and
4. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

¶ 5 Wiebe undertakes to:

1. comply fully with the Act, the Rules, and any applicable regulations, from the date of this settlement; and
2. not say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

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Order

- ¶ 6 National, Dickman and Ainslie consent to an order by the Executive Director (the Order) that:
1. under section 161(1)(b) of the Act, National cease trading in its securities until National pays to the Commission the sum of \$5,000, as required under this settlement;
 2. under section 161(1)(c) of the Act, any or all of the exemptions described in sections 44 to 47, 74, 75, 98 or 99 of the Act do not apply to each of Dickman and Ainslie until five years after the date of the Order, except that each of Dickman and Ainslie may trade in the securities that they currently own, solely through one registered dealer, under section 45(2)(7) of the Act;
 3. under section 161(1)(d) of the Act, each of Dickman and Ainslie resign any position they hold as a director and officer of any issuer, and be prohibited from becoming or acting as a director or officer of any issuer, until five years after the date of the Order; and
 4. under section 161(1)(d) of the Act, each of Dickman and Ainslie be prohibited from engaging in investor relations activities on behalf of any issuer, until five years after the date of the Order.

Waiver

- ¶ 7 The Issuers, Dickman, Ainslie, and Wiebe 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.

¶ 8 November 28, 2002

- ¶ 9 “Donald B. Wilson”
National Credit Counsellors of Canada Inc. (Signing Authority)

“D. Rille”)
Witness Signature)
Denise Rille)
Witness Name (please print))
#42 - 36060 Lower Sumas)
Mtn. Rd. Abb. B.C.)
Address)
Exec. Asst.)

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Occupation)

¶ 10 November 28, 2002

¶ 11 “R. Wiebe”
Partners Financial Services Inc. (Signing Authority)

“D. Rille”)
Witness Signature)
Denise Rille)
Witness Name (please print))
#42 – 36060 Lower Sumas Mtn.)
Rd. Abb. B.C.)
Address)
Exec. Asst.)
Occupation)

¶ 12 November 28, 2002

¶ 13 “R. Wiebe”
Partners Financial Strategies Inc. (Signing Authority)

“D. Rille”)
Witness Signature)
Denise Rille)
Witness Name (please print))
#42 – 36060 Lower Sumas)
Mtn. Rd. Abb. B.C.)
Address)
Exec. Asst.)
Occupation)

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¶ 14 November 28, 2002

¶ 15 “A. Dickman”
Allan Arthur Dickman

“D. Rille”)
Witness Signature)
Denise Rille)
Witness Name (please print))
#42 – 36060 Lower Sumas)
Mtn. Rd. Abb. B.C.)
Address)
Exec. Asst.)
Occupation)

¶ 16 November 28, 2002

¶ 17 “D.J. Ainslie”
Douglas James Ainslie

“D. Rille”)
Witness Signature)
Denise Rille)
Witness Name (please print))
#42 – 36060 Lower Sumas)
Mtn. Rd. Abb. B.C.)
Address)
Exec. Asst.)
Occupation)

¶ 18 November 28, 2002

¶ 19 “R. Wiebe”
Roy Allen Wiebe

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“D. Rille”)
Witness Signature)
Denise Rille)
Witness Name (please print))
#42 – 36060 Lower Sumas)
Mtn. Rd. Abb. B.C.)
Address)
Exec. Asst.)
Occupation)

¶ 20 December 2nd, 2002

“Stephen J. Wilson”

¶ 21 Stephen J. Wilson
Executive Director