

# 2003 BCSECCOM 597

## Settlement Agreement

Lloyd C. Brewer

*Securities Act, RSBC 1996, c. 418*

- ¶ 1 The following settlement of issues has been reached between Lloyd C. Brewer (Brewer) and the Executive Director.

### **Agreed Statement of Facts**

- ¶ 2 As the basis for the undertakings and orders referred to in this settlement, Brewer acknowledges the following facts as correct:
1. St. Elias Mines Ltd. (St. Elias) is a natural resource company headquartered in Vancouver, British Columbia, engaged in the business of acquisition, exploration and development of natural resource properties. St. Elias was incorporated under its previous name, 3887 Investments Ltd., in British Columbia on March 24, 1994 and its shares have been trading publicly on the TSX Venture Exchange since 1997 under the trading symbol SLI. St. Elias is a reporting issuer in British Columbia.
  2. Brewer, a resident of British Columbia, has been a director of St. Elias since November 30, 1998 and the vice president of explorations since June 1, 1999. Brewer is also the sole shareholder, president, and holds trading authority for Madman Mining Co. Ltd. (Madman). He has never been registered in any capacity under the *Securities Act*, RSBC 1996, c. 418.
  3. On February 11, 1999, St. Elias entered into a formal agreement with Inca Pacific Resources Inc. (Inca), an exchange issuer, to earn up to a 70% interest in the Cueva Blanca mineral prospect (Cueva Prospect) located in northern Peru.
  4. In September 2001, St. Elias issued a news release announcing that 15 trenches have been excavated and that “abundant visible gold is present in these veins” and that it would begin a drilling program to further explore the Cueva Prospect (the September 18 Release).
  5. St. Elias began drilling on the Cueva Prospect on September 18, 2001 and completed its work on October 24, 2001.

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### **Insider Trading**

6. During the period from October 24, 2001 to November 20, 2001 (the Relevant Period), the following material fact or material change, as defined in section 1(1) of the Act, occurred in relation to St. Elias. In particular, St. Elias received raw assay results on the Cueva Prospect by November 8, 2001 which were far below the trench excavation results announced in the September 18 Release (the Material Fact).
7. It was not until November 20, 2001, that St. Elias issued a news release (November 20 Release) disclosing the Material Fact.
8. Brewer had knowledge of the Material Fact by November 8, 2001, prior to its disclosure as outlined in paragraph 7.
9. On the instructions of Brewer, Madman sold the following shares of St. Elias prior to the disclosure of the Material Fact:
  - (a) 10,000 shares at \$0.23 a share on November 13, 2001; and
  - (b) 5,500 shares at \$0.16 a share on November 14, 2001 (collectively the Trades).
10. On the instructions of Brewer, Madman exercised 40,000 share warrants of St. Elias at a price of \$0.30 per warrant on November 15, 2001. Madman suffered a loss as a result of the exercise of these warrants.
11. After St. Elias issued the November 20 Release, the shares traded at \$0.08 a share. Madman avoided a loss of \$1,940.00.
12. As a director and a senior officer of St. Elias, Brewer was in a special relationship with St. Elias pursuant to sections 3 and 86(1) of the Act during the Relevant Period.
13. Throughout the Relevant Period, Brewer participated in the Trades, with knowledge of the Material fact before it was generally disclosed contrary to section 86(1) of the Act.

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### **Public Interest**

14. Brewer acted contrary to the public interest by virtue of the facts outlined above.

### **Mitigating Factors**

¶ 3 The Executive Director has taken into account the following facts as factors mitigating the sanctions, which would otherwise have applied in the public interest:

1. The proceeds of the Trades were used to provide St. Elias with working capital in order to continue its corporate activities.
2. Brewer does not appear to have personally gained or profited by his trading activities.
3. Brewer has co-operated with the staff of the British Columbia Securities Commission in its investigation, by providing assistance in addition to that required by the Act.

### **Undertaking**

¶ 4 Brewer undertakes to do the following:

4. to pay to the Commission the sum of \$6,940.00 as a voluntary payment, of which \$1,940.00 represents the loss avoided and \$2,500.00 represents costs of the investigation; and
5. not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms in question.

### **Order**

¶ 5 Brewer consents to an order by the Executive Director (the Order) that:

6. under section 161(1)(d) of the Act, Brewer immediately resign any position that he holds as a director or officer of any reporting issuer and is prohibited from acting as a director or officer of any reporting issuer until the later of:
  - (a) two years from the date of the Order; and
  - (b) the date Brewer successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers; and

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7. under section 161(1)(c) of the Act, the exemptions described in sections 44-47, 74, 75, 98 or 99 of the Act do not apply to Brewer until the later of:
- (a) two years from the date of the Order; and
  - (b) the date Brewer successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers, subject to the following conditions:
    - (i) he may sell those securities held in his brokerage accounts in British Columbia as of the date of this Settlement Agreement;
    - (ii) before any exempted trades take place and within two weeks of the date of this Order, Brewer must deliver a sworn declaration to the Executive Director listing all of the securities of any issuer over which Brewer has direct or indirect beneficial ownership or control or direction;
    - (iii) any such exempted trades must take place within one year of the date of this Order through a single registered dealer designated in writing by Brewer and approved by the Executive Director;
    - (iv) before any such exempted trades take place, Brewer must deliver to the registered dealer a copy of this Order; and
    - (v) Brewer will instruct his registered dealer to provide the Executive Director with a copy of the confirmation slip evidencing the exempted trade within four days of the date of the exempted trade.

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### **Waiver**

¶ 6 Brewer 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.

¶ 7 August 25, 2003

¶ 8 “Lloyd Brewer” )  
Lloyd Brewer )  
 )  
“H. Roderick Anderson” )  
Witness Signature )  
H. Roderick Anderson )  
Witness Name (please print) )  
Suite 607 – 808 Nelson Street )  
Vancouver, BC V6Z 2H2 )  
Address )  
Barrister & Solicitor )  
Occupation )

¶ 9 August 28, 2003

¶ 10 Stephen J. Wilson  
Executive Director