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Headnote

Unusual first trade relief for shares originally distributed five years ago when no exemption from registration and prospectus requirements was available

Exemption Order

Raimount Energy Inc.

Section 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Raimount (formerly Rainey Mountain Resources Inc.) has applied for relief from the requirements to file a preliminary prospectus and a prospectus and receive receipts (the prospectus requirements) in connection with the first trade of common shares distributed to residents of British Columbia in 1997.

Representations

- ¶ 2 Raimount represents that:
1. it was incorporated under the laws of Canada and has its head office in Calgary, Alberta;
 2. in 1997, Pacific Cassiar Limited owned all of Raimount's issued and outstanding shares, and distributed shares in Raimount as a dividend in specie to shareholders of Pacific as follows:
 - (a) in Ontario and Alberta, under a prospectus receipted in each of those jurisdictions; and
 - (b) in British Columbia, under the belief that the dividend in specie exemptions under sections 45(2) (14) and 74(2)(13) of the Act were available;
 3. it recently discovered that the dividend in specie exemptions were not available in British Columbia;
 4. in 1997, a prospectus was also filed with the British Columbia Securities Commission for the distribution to British Columbia residents, but was withdrawn because the shares to be distributed were not immediately tradeable on an exchange recognized under the Act;

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5. other than the 1997 distribution, Raimount has not issued any common shares to residents in British Columbia;
6. it has 282 shareholders resident in British Columbia holding approximately 45,370 common shares, representing 49% of its shareholders and 3.8% of its issued and outstanding common shares;
7. according to company records, the British Columbia shareholders who acquired common shares under the 1997 distribution have not resold their common shares;
8. it is and has been a reporting issuer in Ontario and Alberta since 1997;
9. since 1997, British Columbia shareholders have received copies of all continuous disclosure material required to be filed in Ontario and Alberta; and
10. it is applying for a listing on the TSX Venture Exchange, and in order to meet the public float requirements, the common shares of Raimount issued to British Columbia shareholders under the 1997 distribution must not be subject to a hold period.

Order

¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders that under section 76 of the Act, the first trade of a common share of Raimount acquired by a British Columbia shareholder under the 1997 distribution is exempt from the prospectus requirements provided that:

1. at the time of the first trade, Raimount is and has been a reporting issuer for the 12 months immediately preceding the trade:
 - (a) in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Québec, or Saskatchewan if it is an electronic filer under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (NI 13-101); or
 - (b) in the local jurisdiction of the purchaser of the securities, if Raimount is not an electronic filer under NI 13-101;
2. the trade is not a control distribution;
3. no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade;

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4. no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
5. if the selling security holder is an insider or officer of Raimount, the selling security holder has no reasonable grounds to believe that Raimount is in default of securities legislation.

¶ 4 July 26, 2002

Brenda Leong
Director