



Citation: 2022 BCSECCOM 12

## **Settlement Agreement**

**Peterson Investment Group Inc.**

***Securities Act, RSBC 1996, c. 418***

¶ 1 *The Executive Director of the British Columbia Securities Commission (the Executive Director) and Peterson Investment Group Inc. (Peterson Investment) agree as follows:*

### **Agreed Statement of Facts**

1. Peterson Investment was incorporated in British Columbia on February 20, 1989. It is a member of the Peterson group of companies (Peterson Group).
2. Peterson Investment is an entity that pools together money from investors to lend to others as mortgages. Peterson Investment offers investors a beneficial interest in a portion of the loans.
3. Peterson Investment has no history of regulatory misconduct.

### **Misconduct**

#### ***Unregistered Trading***

4. From January 2013 to December 2018 (the Relevant Period), Peterson Investment traded in securities and triggered the requirement to register by:
  - (i) engaging in activities similar to that of a registrant including trading in securities;
  - (ii) distributing interests in 36 syndicated mortgage loans totalling \$66,758,000, to 53 investors through 399 trades;
  - (iii) soliciting investors to hold a beneficial interest in a portion of the loan;
  - (iv) receiving an administration fee to cover the cost incurred for administering the loans and associated out of pocket expenses; and
  - (v) directly or indirectly carrying on the activity in (i) to (iv) with repetition, regularity or continuity as part of its overall business activity.



5. Peterson Investment was not registered under the Act during the Relevant Period.
6. As a result, Peterson Investment engaged in the business of trading in securities without registration, contrary to section 34(a) of the Act.

### **Mitigating Factors**

7. Peterson Investment agreed to make early admissions with respect to its misconduct before the issuance of a Notice of Hearing.
8. Peterson Investment fully cooperated with the Commission's review of these matters.

### **Facts Relevant to Settlement**

9. Peterson Investment communicated the opportunity to participate in each transaction exclusively to a group comprising certain directors, officers and employees of Peterson Investment and the Peterson Group, members of their immediate family, and a small number of close personal friends of the owners and senior management of the Peterson Group who had expressed interest in participating in the Peterson Group's lending activities.
10. The administration fee Peterson Investment received to cover the costs incurred for administering the loans was not a significant source of revenue.
11. The exemption from the dealer registration requirement set out in BC Instrument 32-517 *Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities* may have been available to Peterson Investment if it had taken steps to rely on that exemption at the time and met the criteria under the exemption.
12. A member of the Peterson Group applied for registration for the purposes of carrying out these activities without prompting by the Commission.

### **Undertaking**

13. Peterson Investment undertakes to pay \$90,000 to the Commission in respect of settlement of this matter which sum is due and payable immediately without further demand.

### **Public Interest**

14. Peterson Investment is now compliant and trades solely to or through a registered entity in reliance on the exemption from the requirement to register in section 8.5 of NI 31-103.



15. In light of all of the circumstances, including the undertaking provided by Peterson Investment in paragraph 13 of this Agreement, it is not in the public interest to issue orders under section 161 of the Act.

**Waiver**

Peterson Investment waives any right it 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*

¶ 2 *This Settlement Agreement may be signed in counterpart and all such counterparts of signed copies, whether delivered electronically or otherwise, shall be read or construed together as if they formed one originally executed document.*

¶ 3 *January 28, 2022*

¶ 4 *Peterson Investment Group Inc.*  
*Peterson Investment Group Inc.*  
(Signing Authority)

*Redacted* )  
Witness Signature )  
*Redacted* )  
Witness Name (please print) )  
*Redacted* )  
*Redacted* )  
Address )  
*Redacted* )  
Occupation )

*Peter J Brady*  
*January 31 2022 7:40 PM -08:00*

¶ 5 *Peter J. Brady*  
Executive Director