



Citation: 2023 BCSECCOM 149

Settlement Agreement

Neighbourhood Holding Company Ltd.

Securities Act, RSBC 1996, c. 418

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Neighbourhood Holding Company Ltd. (NHCL) agree as follows:

Agreed Statement of Facts

Background

1. NHCL was incorporated in British Columbia in October 2015. NHCL is general partner to a related issuer (the Related Issuer).
2. The Related Issuer was a mortgage investment entity as defined in BC Instrument 32-517 *Exemption from Dealer Registration Requirement for Trades in Securities of Mortgage Investment Entities* (BC Instrument 32-517), as it then was, investing substantially all its assets in debts owing to it that are secured by mortgages on real property.
3. NHCL has no history of regulatory misconduct.

Misconduct

Unregistered Trading

4. From November 2015 to January 2019 (the Relevant Period), NHCL traded in securities and triggered the requirement to register by:
 - (a) engaging in activities similar to a registrant, including trading in securities;
 - (b) distributing interests in the Related Issuer's securities totaling \$29,899,406 to 30 purchasers through 53 trades;
 - (c) communicating the opportunity to invest in the Related Issuer to potential purchasers;
 - (d) receiving compensation for its activities in (a), (b) and (c); and
 - (e) directly or indirectly carrying on the activities in (a), (b), (c) and (d) with repetition, regularity, or continuity as part of its overall business activity.



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

Mitigating Factors

7. NHCL made admissions with respect to its misconduct before the issuance of a Notice of Hearing.
8. NHCL fully cooperated with the Commission's review of this matter.

Facts Relevant to Settlement

9. NHCL communicated the opportunity to participate in each transaction exclusively to a group comprising:
 - (a) the family that created NHCL;
 - (b) directors, officers, and employees of NHCL and members of their immediate family;
 - (c) a small number of close personal friends of the owners and senior management of NHCL; and
 - (d) two registrants.
10. The compensation NHCL received for its registerable activities in paragraph 4 (a), (b), and (c) was part of the compensation it received for its management and administration of the Related Issuer.
11. The exemption from the dealer registration requirement set out in BC Instrument 32-517 may have been available to NHCL during the Relevant Period if it had met the criteria under the exemption including filing the form in Appendix B to BC Instrument 32-517, which was an important component of the exemption. However, NHCL did not file the form.
12. In response to and on being advised by the Commission that NHCL was required to register under the Act, NHCL promptly availed itself of the registration exemption in BC Instrument 32-517. Shortly thereafter, NHCL applied through an affiliate for registration in the appropriate category for the purposes of carrying out its activities.
13. NHCL now trades to or through its registered affiliate.



Undertaking

14. NHCL undertakes to pay \$40,000 to the Commission in respect of settlement of this matter which sum is due and payable immediately without further demand.

Public Interest

15. In light of all of the circumstances, including the undertaking provided by NHCL in paragraph 14 of this Agreement, it is not in the public interest to issue orders under section 161 of the Act.

Waiver

¶ 2 NHCL 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

¶ 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 April 14, 2023

¶ 5 Neighbourhood Holding Company Ltd.
Neighbourhood Holding Company Ltd.
(Signing Authority)

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

Peter J Brady
Apr 18 2023 3:25 PM -07:00

¶ 6 Peter J. Brady
Executive Director