Settlement Agreement

Justin Edgar Liu, Lukor Capital Corp.,
and Asiatic Management Consultants Ltd.

Securities Act, RSBC 1996, c. 418

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Justin Edgar Liu (Liu), Lukor Capital Corp. (Lukor), and Asiatic Management Consultants Ltd. (Asiatic) agree as follows:

Agreed Statement of Facts

Background

1. Liu is a resident of West Vancouver, British Columbia. At the relevant time, he controlled Lukor and was the sole owner and director of Asiatic.

2. Lukor was a BC company but dissolved on April 25, 2017.

3. Asiatic is a BC company.

4. Liu, Lukor and Asiatic (the Liu Respondents) are respondents in an Amended Notice of Hearing dated April 28, 2021 (BCSECCOM 164).

Conduct contrary to the public interest

5. The Liu Respondents participated in a scheme in which:

   (a) Individuals and companies (Consultants) entered into consulting agreements with certain CSE Issuers (Issuers) and received prepaid consulting fees from the Issuers;

   (b) Consultants performed little or no consulting work;

   (c) Some Consultants purchased free trading shares of the Issuers through private placements (Placees), for which placements the Issuers relied on the consultant exemption to the prospectus requirement in section 2.24 of National Instrument 45-106 (Consultant Exemption);

   (d) The Issuers retained only a portion of the funds raised because they paid most of the private placement funds to the Consultants as prepaid consulting fees shortly before or after the private placements; and
(e) the Placees, in most instances, sold their shares shortly after purchase, generally below the private placement price.

(the Scheme)

6. As part of the Scheme nine Issuers publicly announced gross proceeds of $50,854,671 through twelve private placements between February and August 2018, but only retained $7,892,722 of that amount.

7. Liu promoted the Scheme to several Issuers.

8. Liu and Lukor participated as Placees for a total of $5,635,000 worth of units in three private placements by two Issuers. In each instance, Liu and Lukor received free trading shares because of the Consultant Exemption and sold the shares either before they received them or shortly after receiving them.

9. After two other private placements, Liu also obtained free trading shares worth approximately $629,000 from other Placees and sold them shortly after receiving them.

10. In addition to obtaining private placement shares in their own names, the Liu Respondents also paid $12,370,500 to other Placees who used the funds to purchase other private placement shares as part of the Scheme.

11. One or more of the Liu Respondents directly received consulting fees which collectively totaled $4,543,750 from all nine Issuers. One or more of the Liu Respondents or other entities associated to Liu indirectly received additional amounts from other Consultants.

12. By engaging in the conduct set out in this Settlement Agreement, the Liu Respondents participated in conduct that was abusive to the capital markets.

Factors relevant to settlement
13. The Liu Respondents made the admissions set out in this agreement prior to the commencement of the hearing of this matter.

14. The Liu Respondents have no prior securities disciplinary history.

Public Interest
15. It is in the public interest that the Executive Director issue orders under section 161 of the Act.
Undertaking(s)
13. The Liu Respondents undertake to jointly pay $950,000 to the Commission in respect of settlement of this matter which sum is due and payable immediately without further demand.

Order
¶ 2 The Executive Director will issue orders under section 161 of the Act (the Order) that:

1. Liu is prohibited for a period of ten years:
   (a) Under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that he may trade and purchase securities or derivatives in his own account through a registered dealer or registrant, provided he gives the registered dealer or registrant a copy of the Order before making any trades or purchases;
   (b) Under section 161(1)(c), from relying on any exemptions in the Act, the regulations or a decision;
   (c) Under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
   (d) Under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
   (e) Under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets;
   (f) Under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of an issuer, security holder or party to a derivative or another person that is reasonably expected to benefit from the promotional activity; and
   (g) Under section 161(1)(d)(vi), from engaging in promotional activities on the person’s own behalf in respect of circumstances that would reasonably be expected to benefit the person.

2. Lukor and Asiatic are prohibited for a period of ten years
   (a) Under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives;
   (b) Under section 161(1)(c), from relying on any exemptions in the Act, the regulations or a decision;
(c) Under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets; and

(d) Under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of an issuer, security holder or party to a derivative or another person that is reasonably expected to benefit from the promotional activity.

Consent to Regulatory Orders
¶ 3 The Liu Respondents consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph 2 above.

Purpose
¶ 4 The Liu Respondents have entered this agreement to resolve the enforcement proceeding commenced against them by the Amended Notice of Hearing dated April 28, 2021 (BCSECCOM 164) and for the purpose of any regulatory Orders made under paragraph 3 by any provincial or territorial securities regulatory authority in Canada, but not for any other purpose.

Waiver
¶ 5 The Liu Respondents 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.
Counterpart

¶ 6 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.

¶ 7 February 20, 2024

¶ 8 ________________
Justin Edgar Liu

Witness Signature ____________________________
REDACTED

Witness Name (please print) ____________________________
REDACTED

Address ____________________________
REDACTED

Occupation ____________________________

¶ 9 ________________
Justin Edgar Liu
Lukor Capital Corp.
(Per ____________________________)
Signing Authority

Witness Signature ____________________________
REDACTED

Witness Name (please print) ____________________________
REDACTED

Address ____________________________
REDACTED

Occupation ____________________________
¶ 10  

Justin Edgar Liu  
Asiatic Management Consultants Ltd.  
(Per )  
Signing Authority)  

Witness Signature )  

Witness Name (please print) )  

Address )  

Occupation )  

Peter J Brady  
2/21/2024 | 11:11 AM PST  

¶ 11 Peter J. Brady  
Executive Director