

2009 BCSECCOM 594

Temporary Order and Amended Notice of Hearing

The Castleton Group, Beltway M&A and Waverly M&A

Section 161 of the *Securities Act*, RSBC 1996, c. 418

¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders that The Castleton Group (Castleton), Beltway M&A (Beltway) and Waverly M&A (collectively, the Parties) cease trading in and are prohibited from purchasing any securities under section 161(1)(b) of the *Securities Act*, RSBC 1996, c. 418 (the Act), and that the Parties are prohibited from engaging in investor relations activities under section 161(1)(d)(v) of the Act, based on the following facts:

Background

1. The Parties are not registered as corporations in British Columbia and are not registered in any capacity under the Act.
2. Websites for the Parties displayed virtually identical content and indicated that all Parties were located in Hong Kong, China.

Advance Fee Scheme

3. The Parties have been involved in an advance fee scheme, a scheme which involves soliciting shareholders of private companies for their shares and which requires the shareholders to pay a fee before receiving any payment for their shares.
4. The private company in this matter is TLC Explorations Inc. (TLC), a non-reporting federally incorporated company.
5. In or about May and June, 2009, representatives of Castleton contacted at least six shareholders of TLC in British Columbia and offered those shareholders the opportunity to sell their TLC shares if they paid a fee in advance.
6. One TLC shareholder in British Columbia received an Equity Purchase Agreement from a Castleton representative and wired one half the fee set out in the agreement to a bank in New York, New York.
7. Castleton has been operating the advance fee scheme in Manitoba and Saskatchewan as well as in British Columbia. Beltway has offered the same advance fee scheme as Castleton to two TLC shareholders in Saskatchewan.

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8. As of October 7, 2009, the websites for Castleton and Beltway were no longer displaying active content. On or about October 19, 2009, Commission staff learned that a website for Waverly was displaying content virtually identical to that formerly displayed by Castleton and Beltway.
9. The content for all three entities appears to have been copied from the website of a legitimate broker-dealer operating in the United States.

Chronology of Proceedings

10. On October 9, 2009, the Executive Director issued a Temporary Order against Castleton and Beltway under sections 161(1)(b), 161(1)(d)(v) and 161(2) of the Act (the Original Order) and set a hearing date of October 23, 2009 to seek from the Commission a final order in the same terms as the Original Order.
11. The Executive Director now seeks an adjournment of the October 23, 2009 hearing date and an extension of the Original Order so that a hearing may be held with respect to all Parties at which the Executive Director will seek a final order against all Parties in the same terms as set out in
 - (a) the Original Order with respect to Castleton and Beltway and
 - (b) the temporary order issued below with respect to Waverly.

Public Interest

12. Commission Staff is concerned that by carrying out advance fee schemes, the Parties have engaged in conduct that is contrary to the public interest.
13. It would be prejudicial to the public interest to permit the Parties to trade in or purchase any securities or to engage in public relations activities.

Temporary Order with Respect to Waverly

- ¶ 2 The Executive Director considers the length of time to hold a hearing under section 161(1) of the Act could be prejudicial to the public interest and, considering that it would be in the public interest to do so, orders under sections 161(1)(b), 161(1)(d)(v) and 161(2) of the Act (the Temporary Order) that Waverly cease trading in and is prohibited from purchasing any securities, and is prohibited from engaging in investor relations activities.
- ¶ 3 A hearing (the Hearing) will be held at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on November 4, 2009 at 2:00pm.
- ¶ 4 At the Hearing, the Executive Director will ask the Commission to grant final orders in the same terms as the Original Order and the Temporary Order.

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- ¶ 5 The Parties may be represented by counsel at the Hearing and may make representations and lead evidence. The Parties are requested to advise the Commission of their intention to attend by contacting the Secretary to the Commission at PO Box 10142, Pacific Centre, 12th Floor, 701 West Georgia Street, Vancouver, BC, V7Y 1L2, phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 6 Determinations may be made in this matter if the Parties or their counsel do not appear at the Hearing.
- ¶ 7 October 22, 2009
- “L.E. Evans”
- ¶ 8 Langley E. Evans
Acting Executive Director