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Schedule "A"

Settlement Agreement

**Peter Hans Simon, Sybille Anita Simon,
The Lord Nelson Apartments Limited Partnership
and RPF CA102 Limited Partnership
(collectively, the Respondents)**

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

¶ 1

The following settlement of issues has been reached between Peter Hans Simon (Peter Simon), Sybille Anita Simon (Sybille Simon), the Lord Nelson Apartments Limited Partnership (Lord Nelson LP), RPF CA102 Limited Partnership (RPF CA102 LP) and the Executive Director of the British Columbia Securities Commission (the Commission).

Agreed Statement of Facts

¶ 2

As the basis for the undertaking and orders referred to in this settlement, the Respondents acknowledge the following facts as correct:

The Parties

1. Peter Simon and Sybille Simon (collectively, the Simons) have never been registered in any capacity under the *Securities Act*, R.S.B.C. 1996, c. 418 (the Act)
2. The Lord Nelson LP was formed under the laws of British Columbia by the filing of a Certificate of Limited Partnership with the Registrar of Companies on November 10, 1995.
3. The RPF CA102 LP was formed under the laws of British Columbia by the filing of a Certificate of Limited Partnership with the Registrar of Companies on July 10, 1997.
4. From on or about January 1997 to January 1998 (the Relevant Period), the Simons solicited and obtained funds from individuals in British Columbia to invest in:
 - (a) an investment opportunity through the Consulate General of the Federal Republic of Germany (the German Consulate Investment Scheme);

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(b) the Lord Nelson LP; and

(c) the RPF CA102 LP.

German Consulate Investment Scheme

5. The Simons, among other things, represented to investors in the German Consulate Investment Scheme that through the Consulate General of the Federal Republic of Germany in Vancouver, their funds would be invested in a foreign currency investment scheme, yielding a guaranteed monthly rate of return.
6. None of the representations made by the Simons to the investors in the German Consulate Investment Scheme were true.

The Lord Nelson LP

7. The Simons formed the Lord Nelson LP for the purpose of purchasing, owning and operating the Lord Nelson Apartments, located at 1058 Nelson Street, Vancouver, British Columbia (the Lord Nelson Property).
8. Lord Nelson Apartments Inc., a company formed under the laws of British Columbia, was the general partner of the Lord Nelson LP. Peter Simon was the sole officer and director of Lord Nelson Apartments Inc.
9. RRI Royal Retirement Investment Inc. was the promoter of the Lord Nelson LP. Peter Simon was the sole shareholder, officer, and director of RRI Royal Retirement Investment Inc.
10. The Lord Nelson LP offered for sale 575 limited partnership units at a subscription price of \$5,000 per unit.
11. The Simons advised investors that if the general partner, Lord Nelson Apartments Inc. had not received a subscription of 460 units by the closing date, then their subscription funds would be returned to them.
12. The Lord Nelson LP never acquired the Lord Nelson Property and the Simons never returned the subscription funds to investors.

The RPF CA102 LP

13. The Simons formed the RPF CA102 LP for the purpose of purchasing, owning and operating the Ashnola Apartments, located at 203 East 6th Avenue, Vancouver, British Columbia (the Ashnola Property).

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14. RPF CA102 Management Inc., a British Columbia company, was the general partner of the RPF CA102 LP. Peter Simon was the sole officer and director of RPF CA102 Management Inc.
15. RRI Royal Retirement Investment Inc. was the promoter of the RPF CA102 LP.
16. The RPF CA102 LP offered for sale 480 limited partnership units at a subscription price of \$5,000 per unit.
17. The Simons advised investors that if the general partner RPF CA102 Management Inc. did not receive a subscription of 460 units by the closing date, then their subscription funds would be returned to them.
18. The RPF CA102 LP never acquired the Ashnola Property and the Simons did not return the subscription funds to investors.

Criminal Proceedings

19. On or about September 9, 1999, in relation to their activities in the German Consulate Investment Scheme and the RPF CA102 LP, the Simons pled guilty and were convicted in the Provincial Court of British Columbia of the following offences:
 - (a) between July 31, 1997 and January 9, 1998, at or near the city of Vancouver, they defrauded Maria Kulchiski, of approximately \$25,000, contrary to section 380(1)(a) of the *Criminal Code*, R.S.C. 1985, c. C-46 (the Criminal Code); and
 - (b) between July 31, 1997 and January 9, 1998, at or near the cities of Vancouver and Prince George, British Columbia, they defrauded Lawrence Brkich, Gaetana Deni and Maria Kulchiski, of approximately \$74,000, contrary to section 380(1)(a) of the Criminal Code.
20. As a result of the conviction outlined in paragraph 19(a), on or about January 20, 2000, the Simons were each sentenced to a term of imprisonment of 60 days on an intermittent basis, and while not serving the intermittent sentence they would be bound by a probation order which included the following conditions:
 - (a) they were not to be found outside of their place of residence between the hours of 7:00 p.m. one evening and 6:00 a.m. the following day seven days per week;

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- (b) they were not to be involved in soliciting any investments from any individual or privately held company;
 - (c) they were to make reasonable efforts to repay their debts to the named complainants in these matters in priority to any discretionary spending;
 - (d) that they were to pay \$4,500 to Maria Kulchiski and \$10,500 to Gaetana Deni and Lawrence Brkich by January 31, 2000; and
 - (e) they were to provide letters of apology to the named complainants and their other family members.
21. Further, as a result of their conviction outlined in paragraph 19(b), they were sentenced to a conditional sentence for a term of 12 months, which included the following conditions:
- (a) they were not to be found outside of their place of residence between the hours of 7:00 p.m. one evening and 6:00 a.m. the following day, seven days a week per week;
 - (b) they were not to be involved in soliciting any investments from any individual or privately held company; and
 - (c) they had to make reasonable efforts to repay their debts to the complainants in priority to any discretionary spending.
22. In addition to the penalties outlined in paragraphs 20 and 21, pursuant to section 738 of the Criminal Code, the Simons were:
- (a) in relation to the conviction outlined in paragraph 19(a), ordered to compensate Maria Kulchiski in the amount of \$25,000; and
 - (b) in relation to the conviction outlined in 19(b) ordered to compensate Lawrence Brkich and Gaetana Deni jointly in the amount of \$59,500 and to compensate Maria Kulchiski in the amount of \$500.

Respondent Involvement

23. The Simons acknowledge that during the Relevant Period they did the following:

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- (a) traded in the securities of the German Consulate Investment Scheme, Lord Nelson LP and RPF CA102 with individuals in British Columbia without being registered in accordance with the requirements of the Act, and without an exemption from the registration requirements of the Act, contrary to section 34(1)(a) of the Act;
 - (b) acted as advisors to individuals in British Columbia without being registered in accordance with the requirements of the Act, and without an exemption from the registration requirements of the Act, contrary to section 34(1)(c) of the Act;
 - (c) distributed the securities of the German Consulate Investment Scheme, Lord Nelson LP and RPF CA102 LP to individuals in British Columbia without filing and obtaining a receipt for a prospectus and without an applicable exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act; and
 - (d) directly engaged in a series of transactions related to trades of securities when they knew or ought reasonably to have known that the series of transactions perpetrated frauds on persons in British Columbia, contrary to section 57 of the Act.
24. The Lord Nelson LP acknowledges that during the Relevant Period it distributed the securities of the Lord Nelson LP to individuals in British Columbia without filing and obtaining a receipt for a prospectus and without an applicable exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act.
25. The RPF CA102 LP acknowledges that during the Relevant Period it distributed the securities of the RPF CA102 LP to individuals in British Columbia without filing and obtaining a receipt for a prospectus and without an applicable exemption from the prospectus requirements of the Act, contrary to section 61(1) of the Act.

Mitigating Factors

¶ 3

The Executive Director has taken into account the following facts as factors mitigating the sanctions, which would otherwise have applied in the public interest:

1. The conviction and sentencing of the Simons and in particular the compensatory orders made against them.

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2. The Respondents have no previous disciplinary history with the Commission.

Undertakings

¶ 4

The Respondents undertake to comply with the Act and the *Securities Rules*, B.C. Reg. 194/97 and all applicable regulations, policies and guidelines from the date of this agreement.

Order

¶ 5

Peter Simon consents to an order by the Executive Director (the Order) that:

1. under section 161(1)(b) of the Act, for a period of 10 years from the date of the Order, he may purchase securities only through a single registered dealer designated in writing by him and approved by the Executive Director and that before any such purchases take place, he must deliver to the registered dealer a copy of the Order;
2. under section 161(1)(c) of the Act, the registration exemptions described in sections 44 to 47, 74, 75, 98 or 99 of the Act do not apply to him for a period of 10 years from the date of the Order and he may not, therefore sell any securities, except that he may sell securities beneficially owned by him at the date of the Order, subject to the following conditions:
 - (a) that before any sales take place, he must deliver a sworn declaration to the Executive Director listing all of the securities beneficially owned by him at the date of the Order;
 - (b) that any such sales must take place through a single registered dealer designated in writing by him and approved by the Executive Director;
 - (c) that before any such sales take place, he must deliver to the registered dealer a copy of the Order; and
 - (d) that no unusual effort will be made to prepare the market or create a demand for the securities.

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3. under section 161(1)(d) of the Act, he is prohibited from being or acting as a director or officer of any issuer, for a period ending on the later of:
 - (a) ten years from the date of the Order;
 - (b) the date on which the compensation order referred to in paragraph 22 is satisfied; and
 - (c) the date that he has successfully completed a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers of reporting issuers; and
4. under section 161(1)(d) of the Act, he is prohibited from engaging in investor relations activities for a period ending on the later of:
 - (a) ten years from the date of the Order;
 - (b) the date on which the compensation order referred to in paragraph 22 is satisfied; and
 - (c) the date that he has successfully completed a course of study satisfactory to the Executive Director concerning investor relations.

¶ 6

Sybille Simon consents to an order by the Executive Director that:

1. under section 161(1)(b) of the Act, for a period of 10 years from the date of the Order, she may purchase securities only through a single registered dealer designated in writing by her and approved by the Executive Director and that before any such purchases take place, she must deliver to the registered dealer a copy of the Order;
2. under section 161(1)(c) of the Act, the registration exemptions described in sections 44 to 47, 74, 75, 98 or 99 of the Act do not apply to her for a period of 10 years from the date of the Order and she may not, therefore sell any securities, except that she may trade securities beneficially owned by her at the date of the Order, subject to the following conditions:
 - (a) that before any sales take place, she must deliver a sworn declaration to the Executive Director listing all of the securities beneficially owned by her at the date of the Order;
 - (b) that any such sales must take place through a single registered dealer designated in writing by her and approved by the Executive Director;

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- (c) that before any such sales take place, she must deliver to the registered dealer a copy of the Order; and
 - (d) that no unusual effort will be made to prepare the market or create a demand for the securities.
3. under section 161(1)(d) of the Act, she is prohibited from being or acting as a director or officer of any issuer, for a period ending on the later of:
- (a) ten years from the date of the Order;
 - (b) the date on which the compensation order referred to in paragraph 22 is satisfied; and
 - (c) the date that she successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers of reporting issuers; and
4. under section 161(1)(d) of the Act, she is prohibited from engaging in investor relations activities for a period ending on the later of:
- (a) ten years from the date of the Order;
 - (b) the date on which the compensation order referred to in paragraph 22 is satisfied; and
 - (c) the date that she has successfully completed a course of study satisfactory to the Executive Director concerning investor relations.

¶ 7

The Lord Nelson LP consents to an order by the Executive Director that under section 161(1)(b) of the Act, all persons cease trading in, and are prohibited from purchasing, any securities of Lord Nelson LP.

¶ 8

The RPF CA102 LP consents to an order by the Executive Director that under section 161(1)(b) of the Act, all persons cease trading in, and are prohibited from purchasing, any securities of RPF CA102 LP.

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Waiver

¶ 9

The 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.

Dated May 15, 2002

“P. Simon”
Peter Hans Simon

“P. Couper”)
Witness Signature)
Paula Couper)
Witness Name (please print))
PO Box 10142, 701 West Georgia)
Vancouver, BC)
Address)
Legal Secretary)
Occupation)

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Dated May 15, 2002

“S. Simon”
Sybille Anita Simon

“P. Couper”)
Witness Signature)
Paula Couper)
Witness Name (please print))
PO Box 10142, 701 West Georgia)
Vancouver, BC)
Address)
Legal Secretary)
Occupation)

Dated May 15, 2002

The Lord Nelson Apartments Limited Partnership

Per: “P. Simon”
Authorized Signatory

“P. Couper”)
Witness Signature)
Paula Couper)
Witness Name (please print))
PO Box 10142, 701 West Georgia)
Vancouver, BC)
Address)
Legal Secretary)
Occupation)

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Dated May 15, 2002

RPF CA102 Limited Partnership

Per: “P. Simon”
Authorized Signatory

“P. Couper”)
Witness Signature)
Paula Couper)
Witness Name (please print))
PO Box 10142, 701 West Georgia)
Vancouver, BC)
Address)
Legal Secretary)
Occupation)

Dated May 21, 2002

Steve Wilson
Executive Director