

# 2003 BCSECCOM 322

## Settlement Agreement

James Rodney Fortin

*Securities Act, RSBC 1996, c. 418*

- ¶ 1 The Executive Director has settled the following issues with James Rodney Fortin (Fortin).

### Agreed Statement of Facts

- ¶ 2 As the basis for the undertaking and orders referred to in this settlement, Fortin acknowledges the following facts as correct.

### The Parties

1. IDF Financial Services Incorporated (IDF) was incorporated in British Columbia on March 28, 1990, and was a securities dealer registered under the *Securities Act, RSBC 1996, c. 418* at all relevant times.
2. Fortin was a registered representative and employed by IDF at all relevant times.
3. Each of the following non-reporting issuers have filed offering memoranda with the Commission:
  - (a) River Ranch Resort (VCC) Corp. (Ranch VCC);
  - (b) River Ranch Limited Partnership (Cow-Calf LP);
  - (c) River Ranch Financial Corp. (FinCorp);
  - (d) River Ranch Capital Corp. (CapCorp);
  - (e) Strategic Concepts Investment Trust (Strategic Trust); and
  - (f) AWT Holdings Ltd. (AWT).
4. River Ranch Resort Corp. (Ranch Private Co.) is a British Columbia issuer. Mark Cramer, one of IDF's principals, holds 95% of the issued and outstanding common shares of Ranch Private Co. Mark Cramer is Fortin's uncle.

### Ranch VCC Offerings

5. Under three offering memoranda dated July 15, 1997, May 19, 1998 and April 19, 1999 respectively, Ranch VCC issued common shares and raised a total of \$4,805,000.

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### **Cow-Calf Offering**

6. Under a joint offering memorandum dated January 20, 1999, Cow-Calf LP issued units and FinCorp and CapCorp each issued bonds, raising a total of \$4,917,500 as of December 29, 2000.

### **Strategic Trust Offering**

7. Under an offering memorandum dated February 11, 1999, Strategic Trust issued securities and raised a total of \$636,500.
8. The Strategic Trust offering memorandum did not properly disclose the nature of Strategic Trust's business, the projects to be financed or the use of proceeds, as required by the form specified under section 133(1)(c) of the *Securities Rules*, BC Reg. 194/97. The securities issued under the offering memorandum were therefore distributed in contravention of section 61 of the Act.

### **Fortin's Involvement**

9. During the relevant time, Fortin had 46 clients. Twenty-five clients purchased securities of related issuers in 25 different instances. In some instances Fortin's clients made unsuitable investments.
10. Fortin sold approximately \$810,000 in the securities of each of Ranch VCC, Cow Calf LP, Fincorp, Capcorp and Strategic Trust for his clients.
11. In at least 19 instances, the securities of these issuers were not suitable for the investment needs and objectives of Fortin's clients. When trading these securities to his clients, Fortin failed to advise them that the securities were not suitable for them. As a result, Fortin breached sections 14 and 48 of the Rules.
12. Fortin participated in an illegal distribution that contravened section 61 of the Act with respect to a trade of securities of Strategic Trust involving one client.
13. In the absence of a proper factual basis and without a real prospect of success, Fortin represented to two clients of IDF that the securities of Ranch Private Co. and AWT would be posted and listed for trading on a stock exchange and would trade at prices higher than those at which they could be purchased, contrary to sections 50(1)(b), 50(1)(c) and 50(1)(d) of the Act.
14. Fortin terminated his employment with IDF and on April 24, 2001 surrendered his registration to the Commission.

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### **Mitigating Factors**

- ¶ 3 Fortin represents and the Executive Director is satisfied that Fortin has a limited ability to pay any monetary amount. Although Fortin agrees the monetary portion of the sanction that otherwise would have applied in this case is \$25,000, the Executive Director has taken into account the following facts as factors mitigating the sanction that are in the public interest.
- ¶ 4 Fortin represents and the Executive Director accepts that:
1. Fortin did not have any significant experience as a registered representative before obtaining employment with IDF.
  2. In the course of his employment with IDF, Fortin received training and instruction from the principals of IDF that materially contributed to him breaching the securities legislation of British Columbia.
  3. In making the trades for clients, Fortin relied upon IDF's compliance department, which vetted and approved each trade.

### **Undertaking**

- ¶ 5 Fortin undertakes:
1. not to apply for registration under any category under the Act for seven years;
  2. to pay the Commission the sum of \$10,000, of which \$1,000 represents a portion of the costs of the investigation, payable in accordance with the Promissory Note attached as Schedule A; and
  3. not to say anything, in writing or orally, which may contradict the terms of this settlement or call those terms into question.

### **Order**

- ¶ 6 Fortin consents to an order by the Executive Director (the Order) that:
1. under section 161(1)(c) of the Act, the exemptions described in sections 44 to 47, 74, 75, 98 and 99 of the Act, will not apply to him for a period of seven years from the date of the Order,
    - (a) except that he may rely on the exemption under subsection 45(2)(7) of the Act, solely to allow him to trade for his personal account;
  2. under section 161(1)(d) of the Act, he be prohibited from engaging in investor relations activities for seven years; and

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3. under section 161(1)(d) of the Act, Fortin resign any position that he may hold as a director or officer of any issuer and be prohibited from becoming or acting as a director or officer of any issuer for seven years.

**Waiver**

¶ 7 Fortin waives any right any he 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 agreement.

¶ 8 April 17, 2003

“James Rodney Fortin”

¶ 9 James Rodney Fortin

\_\_\_\_\_)  
Witness Signature )  
\_\_\_\_\_)  
Witness Name (please print) )  
\_\_\_\_\_)  
\_\_\_\_\_)  
\_\_\_\_\_)  
Address )  
\_\_\_\_\_)  
Occupation )

¶ 10 May 14, 2003

“Stephen J. Wilson”

¶ 11 Stephen J. Wilson  
Executive Director