

2004 BCSECCOM 375

Settlement Agreement

Patrick Thomas Stojak

Securities Act, RSBC 1996, c. 418

¶ 1 The following settlement of issues has been reached between Patrick Thomas Stojak and the Executive Director.

Agreed Statement of Facts

¶ 2 As the basis for the undertakings and orders referred to in this settlement, Stojak acknowledges the following facts as correct:

1. Corporate Express Inc. (CEI) is a company incorporated in the Bahamas. Corporate Express Club (CEC) is a division of CEI, and used this mailing address in British Columbia: 13711-72nd Avenue, Surrey V3W 2P2.
2. Great American Gold Ltd. (GAG) is also a company incorporated in the Bahamas.
3. Stojak was the Sales Manager and agent of CEC for British Columbia. Stojak is not registered under the *Securities Act*, RSBC 1996, c. 418 to trade or to advise.
4. None of CEI, CEC, or GAG has filed a prospectus with the British Columbia Securities Commission under the Act or a former enactment.
5. From about October 1998 until Temporary Orders under section 161 of the Act prohibited him from doing so on December 9, 1999, Stojak sold memberships in CEC at a cost of US \$350.
6. Once members of CEC, individuals would participate in a scheme called the Credit Enhancement Program and were given the opportunity to purchase additional securities. Under the Credit Enhancement Program, the annual fee paid to join CEC was purportedly pooled for investment with large trading and banking firms around the world. After a member paid his or her second year's fee, the member was to receive an internationally recognized credit/debit card representing their return. The pooled fees were to be invested in high return/low risk investment strategies, in order to maximize the return. Members were to receive an annual notification of the amount of credit available to them. Later, the program involved CEC members purportedly receiving 300 CEC "Gold Shares" for each year of their paid membership, based on committing to a five-year subscription.

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7. Additional solicitations to CEC members by Stojak involved:
 - (a) The Opportunity Investment Fund, which subsequently became known as the International Opportunity Fund (the OIF Program), offered three investment options: a pooled investment program with a minimum investment of \$5,000 US dollars; a personal investment program with a minimum investment of \$50,000 US dollars; and a proposed real estate investment program with a minimum investment of \$20,000 US dollars; and
 - (b) GAG convertible debentures (the GAG Debentures), an investment opportunity in a debenture with an acquisition cost of \$15,000 US dollars per unit.
8. The investments in the Credit Enhancement Program, CEC Gold Shares, OIF Program, and GAG Debentures were all securities (collectively the Securities).
9. Brochures for the OIF Program represented that the OIF Program obtained investment returns including returns that varied between 50% in the first year to 400% after three years. Nevertheless, the OIF Program brochures described it as a “safe investment tool for testing offshore waters” and as “maintaining a low exposure to risk”.
10. One document represented that the GAG Debentures had a present value of \$57,500 US dollars. Another document represented that the GAG Debentures had a present value of \$2,809,350 US dollars, and a rate of return between 208% and 2,496%.
11. Stojak, and GAG in written documents, represented that GAG planned to be listed on one of the world’s major international stock exchanges and that the listing would dramatically increase the value of the common stock into which the GAG Debentures were convertible.
12. The high returns represented for the Securities, including in written material and brochures, are not economically possible, at least not without significant risk. This risk was not explained at all or adequately.
13. Stojak failed to resign as a director or officer of a British Columbia company that is a non-reporting issuer (Stojak’s BC Company) as required by the Temporary Orders. The Temporary Orders have been in effect from December 1999 to the present.

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Breaches of the Act and actions contrary to the public interest

14. By offering for sale all of the Securities; by selling CEC memberships, GAG Debentures and the \$5,000 US OIF Program; and by recommending the purchase of the Securities, Stojak breached sections 34(1)(a) and (c) of the Act.
15. By offering for sale all of the Securities, and by selling the CEC memberships, GAG Debentures and \$5,000 US OIF Program without a prospectus being filed for the Securities, Stojak breached section 61 of the Act.
16. By representing that GAG planned to be listed for trading on a stock exchange and that this would increase the value of the common stock, Stojak breached section 50(1)(c) of the Act, then in force.
17. By omitting to state that a listing application by GAG might not be successful and that the market value of the common stock of GAG could fluctuate, Stojak breached section 50(1)(d) of the Act.
18. By breaching the Act and Temporary Orders, and by the conduct set out in this settlement, Stojak acted contrary to the public interest.

Mitigating Factors

¶ 3 Although Stojak agrees the monetary portion of the sanction that otherwise would have applied in this case would be \$25,000, the Executive Director has taken into account these mitigating facts. Stojak represents and the Executive Director accepts that:

1. Stojak, in his own name and that of his family, invested and has now lost \$20,000 in the Securities;
2. Stojak's BC Company was not involved in promoting or distributing the Securities in breach of the Temporary Orders; and
3. Stojak did not write the written material or brochures about the Securities.

Undertaking

¶ 4 Stojak undertakes to do the following:

1. comply with the Act and the *Securities Rules*, B.C. Reg. 194/97;
2. to pay to the British Columbia Securities Commission the sum of \$5,000, of which \$2,500 represents costs of the investigation, as follows:

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- (a) \$2,000 immediately on settlement,
 - (b) \$1,000 by the one-month anniversary of the settlement,
 - (c) \$1,000 by the two-month anniversary of the settlement, and
 - (d) \$1,000 by the three-month anniversary of settlement; 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

¶ 5 Stojak consents to an order by the Executive Director (the Order) that:

4. under sections 161(1)(b) and (c) of the Act, Stojak cease trading in securities for three years from the date of the Order except that Stojak may rely on the exemption in section 45(2)(7) of the Act to trade in one registered retirement savings plan (RRSP) in his own name through a registered dealer, as long as Stojak provides the registered dealer with a copy of the Order before any trades take place;
5. under section 161(1)(d) of the Act, Stojak resign any position he holds as a director or officer of any issuer and be prohibited from becoming or acting as a director or officer of any issuer for the later of:
 - (a) three years from the date of the Order, and
 - (b) the date Stojak successfully completes a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers,

except that Stojak may remain a director and officer of Faxit Communications Inc. (Faxit) provided he and his spouse are the sole shareholders of Faxit, and that Faxit is neither engaged in investor relations nor provides management services to any other issuer; and

6. under section 161(1)(d) Stojak be prohibited from engaging in investor relations activities for three years from the date of the Order.

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Waiver

¶ 6 Stojak waives any right 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.

¶ 7 June 15, 2004

¶ 8 “P. Stojak”
Patrick Thomas Stojak

“H.R. Anderson”)
Witness Signature)
H. Roderick Anderson)
Witness Name (please print))
Suite 607-808 Nelson Street)
Vancouver, BC V6Z 2H2)
Address)
Barrister & Solicitor)
Occupation)

¶ 9 June 17, 2004

¶ 10 Brenda M. Leong
A/Executive Director