

# 2008 BCSECCOM 570

## Settlement Agreement

### Victor Schwab

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

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Victor Schwab (Schwab) agree as follows:

#### **Agreed Statement of Facts**

1. Schwab is a chartered accountant and a resident of Prince George, British Columbia. Schwab has never been registered under the *Securities Act*, RSBC 1996, c. 418.
2. Advanced Rescue Technologies Inc. (ARTI) is a British Columbia company. ARTI was in the business of attempting to design and market a rescue shuttle for transport of injured persons. ARTI has never been registered or filed a prospectus under the Act.
3. NOF Electrical Generation Inc. (NOF) is a British Columbia company. NOF was in the business of attempting to construct an electrical co-generation power plant. NOF has never been registered or filed a prospectus under the Act. Schwab was a *de facto* director of, and the accountant for, NOF.

#### **Misconduct**

##### **Illegal Distributions**

4. Between February 2002 and March 2005, ARTI distributed at least \$2.1 million of preferred shares (the ARTI Securities) to at least 48 investors. Of those investors, at least eight reside in British Columbia, 27 reside in Ontario and four reside in Manitoba. The eight British Columbia residents invested a total of \$182,740.
5. Between November 2002 and April 2005, NOF distributed approximately \$4.5 million of preferred shares (the NOF Securities) to approximately 96 investors. Of those investors, at least 19 reside in British Columbia, 43 reside in Alberta, 10 reside in Ontario, five reside in Saskatchewan, and two reside in Manitoba. The 19 British Columbia residents invested a total of approximately \$769,000.
6. Schwab engaged in acts in furtherance of the distribution of ARTI Securities and NOF Securities by:

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- (a) advising Gregory Rivers (Rivers), the director and chief executive officer of each of ARTI and NOF, about the structure and financing arrangements for ARTI and NOF;
  - (b) introducing to Rivers agents who sold ARTI Securities and NOF Securities;
  - (c) in his professional capacity as a chartered accountant, writing to trustees that held the registered retirement savings accounts of potential investors to assure them that ARTI Securities and NOF Securities were eligible registered retirement savings plan investments; and
  - (d) overseeing the payments of commissions to the agents who sold NOF Securities.
7. Schwab distributed securities without a prospectus, contrary to section 61(1) of the Act.

### ***Public Interest***

8. Schwab acted contrary to the public interest by engaging in the conduct set out above.

### ***Inability to Pay***

9. Schwab's outstanding debts are significantly greater than his assets, and his expenses exceed his income. There is no reasonable prospect of Schwab paying a monetary penalty of \$100,000 that would otherwise be imposed in the public interest for the conduct described in this Settlement Agreement.

### **Order**

¶ 2 Schwab consents to an order (Order) by the Executive Director that:

1. under section 161(1)(a) of the Act, Schwab comply fully with the Act, the Securities Rules, and any applicable regulations;
2. under section 161(1)(b) of the Act, Schwab cease trading in and be prohibited from purchasing any securities or exchange contracts for a period of 10 years from the date of the Order, except that Schwab may trade and purchase securities in one account in his name held with a registered dealer, provided that Schwab first gives the registered dealer a copy of the Order;
3. under section 161(1)(d) of the Act, Schwab:

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- (a) resign any position he may hold as a director or officer of an issuer, registrant or investment fund manager; and
- (b) be prohibited, for a period of 10 years from the date of the Order, from:
  - (i) becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
  - (ii) becoming or acting as a registrant, investment fund manager or promoter;
  - (iii) acting in a management or consultative capacity in connection with activities in the securities market; and
  - (iv) engaging in investor relations activities

except that Schwab may continue to act as a director and officer of two private companies which he owns, V.J. Schwab Inc. and HSF Holdings Ltd., and, for a period of 60 days from the date of the Order, may continue to act as a director and officer of Econveyance Venture (VCC) Corporation.

### **Consent to Reciprocal Orders**

- ¶ 3 Schwab consents to any securities regulator in Canada relying on the facts admitted in this agreement solely for the purpose of making orders similar to the Order set out above.

### **Waiver**

- ¶ 4 Schwab 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.

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**Counterpart**

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 October 22, 2008

“Victor Schwab”

¶ 7 Victor Schwab

\_\_\_\_\_ )  
”Ashley Pauley” )  
Witness Signature )  
\_\_\_\_\_ )  
Ashley Pauley )  
Witness Name (please print) )  
\_\_\_\_\_ )  
7821 Latrobe Cres. )  
\_\_\_\_\_ )  
Prince George, BC V2N 3S4 )  
Address )  
\_\_\_\_\_ )  
Receptionist )  
Occupation )

¶ 8 October 24, 2008

“Brenda M. Leong”

¶ 9 Brenda M. Leong  
Executive Director