

2008 BCSECCOM 574

Settlement Agreement

Heng Goh

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

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Heng Goh (Goh) agree as follows:

Agreed Statement of Facts

1. Goh is a resident of North Vancouver, British Columbia.
2. Goh was a director of VG Capital Group Inc. (the Management Company), a British Columbia company beneficially owned by Goh, Alvin Lee Johnson, and William Christopher Teet Fung Chan, also known as Bill Chan, now deceased (Chan). The Management Company purported to be a financial consulting firm specializing in wealth preservation, tax minimization, and wealth creation. Through the securities of its subsidiaries and other companies (the VG Affiliates), it offered investments in leasing, collateral lending contracts, bridge financing, equity mortgages, international investment opportunities, and joint venture and investment opportunities in real estate world wide.
3. None of Goh, the Management Company, or the VG Affiliates has ever been registered or filed a prospectus under the *Securities Act*, RSBC 1996, c. 418 (the Act).

Misconduct

Illegal Distributions

4. Between March 2002 and July 2003, the Management Company and Goh, directly and through agents, distributed a total of \$2,582,258 in securities of the VG Affiliates (collectively, the VG Securities) to approximately 45 investors. Of those investors, at least 13 reside in British Columbia, eight reside in Ontario, 11 reside in Alberta, and one resides in Saskatchewan. The British Columbia residents invested a total of \$654,091 (CDN) and \$95,922 (USD) with the VG Affiliates.
5. Goh traded in securities without being registered and without a prospectus, contrary to sections 34(1)(a) and 61(1) of the Act.

Misrepresentations

6. In making distributions of VG Securities:

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- (a) Goh stated in corporate brochures that:
 - (i) investments in VG Affiliates were safe and secure and generated great or above average returns;
 - (ii) an investment in one of the VG Affiliates would provide a guaranteed 8% return;
 - (iii) some of the VG Affiliates invested in a company called “VG Real Estate Inc.” that would participate in joint venture and investment opportunities in real estate worldwide; and
 - (iv) some of the VG Affiliates invested in a company called “VG Equity Investments Inc.” that had a potential for exceptional returns; and
 - (b) Goh personally stated to various investors in VG Affiliates that VG Securities were good investments that:
 - (i) guaranteed a minimum 8% return and investors could expect to receive up to a 20% return;
 - (ii) the principal of which was completely secured; and
 - (iii) were low risk, cash flow generating, high-yield investments earning money from leasing operations and other similar sources of income.
7. The above representations were false or misleading, or omitted information to make them not false or misleading, because:
- (a) VG Equity Investments Inc. was not an operational business;
 - (b) VG Real Estate Inc. did not invest in real estate;
 - (c) the Management Company and two of the VG Affiliates had deficits at the time some of the representations were made;
 - (d) the VG Affiliates made interest-free inter-company loans of approximately \$900,000 to one another;
 - (e) the VG Affiliates transferred a total of approximately \$1 million in investor funds to companies of which Chan was a director and

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shareholder or otherwise controlled, for the purchase of boats, cars and properties; and

- (f) the Management Company and the VG Affiliates transferred at least \$113,000 to a company owned by an affiliate of Chan's.
- 8. Goh falsely represented to investors that they would receive approximately \$398,868 in securities of a VG Affiliate, but they instead received certificates evidencing ownership of shares in "Vestronn Financial (188) Inc.", a company that does not exist.
- 9. Goh made statements of material facts and omitted to state material facts that were necessary to prevent them from being misleading in the circumstances in which they were made, contrary to section 50(1)(d) of the Act.

Inability to Pay

- 10. Goh is 63 years old. His outstanding debts are significantly greater than his assets, and his expenses exceed his income. There is no reasonable prospect of Goh paying a monetary penalty of \$100,000 that would otherwise be imposed in the public interest for the conduct described in this Settlement Agreement.

Public Interest

- 11. Goh acted contrary to the public interest by engaging in the conduct set out above.

Order

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

- 1. under section 161(1)(a) of the Act, Goh comply fully with the Act, the Securities Rules, and any applicable regulations;
- 2. under section 161(1)(b) of the Act, Goh cease trading in and be prohibited from purchasing any securities or exchange contracts for a period of 12 years from the date of the Order, except that Goh may trade and purchase securities in one account in his name held with a registered dealer, provided that Goh first gives the registered dealer a copy of the Order;
- 3. under section 161(1)(d) of the Act, Goh:
 - (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 12 years from the date of the Order, from:

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- (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.

Consent to Reciprocal Orders

- ¶ 3 Goh 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 Goh 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 27, 2008

“Heng Goh”

¶ 7 Heng Goh

_____)
”Katherine Reilly”)
Witness Signature)
_____)
Katherine Reilly)
Witness Name (please print))
_____)
1500 – 1055 West Georgia)
_____)
Vancouver, BC)
Address)
_____)
Lawyer)
Occupation)

¶ 8 October 28, 2008

“Brenda Leong”

¶ 9 Brenda M. Leong
Executive Director