

# 2011 BCSECCOM 138

## Settlement Agreement

**Frederick Johnathon Nielsen,  
previously known as Frederick John Gilliland**

*Securities Act, RSBC 1996, c. 418 (the Act)*

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Frederick Johnathon Nielsen (Nielsen), previously known as Frederick John Gilliland, agree as follows:

### **Agreed Statement of Facts**

#### ***Background***

1. Nielsen currently resides in British Columbia (BC).
2. Nielsen was previously known as Frederick John Gilliland (Gilliland).
3. Nielsen has never been registered with the BC Securities Commission in any capacity under any name.

#### ***Misconduct – Cold Calling and Trading without Registration***

4. Between late March and early May, 2009, Nielsen organised and operated a telephone room in Surrey, BC for the purpose of marketing and selling shares in Green Farms International Inc. (Green Farms), a private U.S. company.
5. During that time, Nielsen hired, supervised and instructed four salespeople who placed hundreds of phone calls per day to U.S. residents in an attempt to sell shares in Green Farms.
6. As a direct result of the calls made from the telephone room, two U.S. residents invested a total of \$4,500 in Green Farms.
7. Nielsen convinced another U.S. resident to invest \$10,000 in Green Farms independent of the telephone room operation.
8. By engaging in the conduct outlined above, Nielsen:
  - (a) contravened section 49 of the Act by having salespeople telephone residences on his behalf from within BC for the purpose of trading in securities; and

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- (b) contravened section 34 of the Act by engaging in acts in furtherance of a trade in securities without being registered.

### ***Aggravating Factor - Past Securities Misconduct and Sanctions***

9. While residing in Florida in the late 1990s, Nielsen, then known as Gilliland, was involved in a Ponzi scheme throughout the United States, Canada and the United Kingdom, fraudulently soliciting more than \$20 million from over 200 investors.
10. In March, 2002, the Securities and Exchange Commission (the SEC) filed a civil complaint against Gilliland in relation to the Ponzi scheme. The SEC was granted final judgment against Gilliland in October, 2004 for \$10,145,179.
11. In June, 2005, Gilliland pled guilty to conspiracy to commit wire fraud and securities fraud, and conspiracy to commit money laundering in relation to the Ponzi scheme. In October, 2005, he was sentenced to 60 months in prison and ordered to pay over \$12 million in restitution.
12. A receiver was appointed to recover assets from Gilliland's estate to satisfy the civil and criminal monetary orders. The receiver was able to seize and recover just over \$3.6 million.
13. Gilliland was released from prison in October, 2008, moved to BC, and changed his name to Nielsen.

### ***Inability to Pay Administrative Penalty***

14. Nielsen is 58 years old, unemployed, with little or no net worth. Nielsen remains obligated to make payments on the outstanding balance remaining on the criminal restitution order issued against him.
15. Nielsen has no reasonable prospect of being able to pay the fine of \$50,000 that would otherwise be appropriate in the public interest for the misconduct described in this Settlement Agreement.

### **Order**

¶ 2 The Executive Director, considering it to be in the public interest, will issue an order (the Order) that:

1. under section 161(1)(b) of the Act, Nielsen cease trading or purchasing securities or exchange contracts for 25 years from the date of the Order, except that he may trade and purchase securities and exchange contracts through a

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registrant in one cash and one RSP account if he first provides a copy of the Order to the registrant;

2. under section 161(d)(i) of the Act, Nielsen resign any position that he holds as director or officer of any issuer;
3. under section 161(d)(ii) of the Act, Nielsen is prohibited from acting as a director or officer of any issuer for 25 years from the date of the Order;
4. under section 161(d)(iii) of the Act, Nielsen is prohibited from becoming or acting as a registrant, investment fund manager or promoter for 25 years from the date of the Order;
5. under section 161(d)(iv) of the Act, Nielsen is prohibited from acting in a management or consultative capacity in connection with activities in the securities market for 25 years from the date of the Order; and
6. under section 161(d)(v) of the Act, Nielsen is prohibited from engaging in investor relations activities for 25 years from the date of the Order.

### **Consent to Reciprocal Orders**

- ¶ 3 Any securities regulator in Canada may rely on the facts admitted in this agreement solely for the purpose of making a similar Order.

### **Waiver**

- ¶ 4 Nielsen 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 March 25, 2011

- ¶ 7 Frederick Nielsen  
Frederick Johnathon Nielsen

H. Roderick Anderson )  
Witness Signature )  
H. Roderick Anderson )  
Witness Name (please print) )  
3200 – 650 West Georgia Street )  
Vancouver, BC V6B 4P7 )  
Address )  
Barrister & Solicitor )  
Occupation )

- ¶ 8 March 25, 2011

Langley Evans

- ¶ 9 Langley E. Evans CA  
Acting Executive Director