

Citation: 2013 BCSECCOM 77

## **Settlement Agreement**

**Kenneth Dean Chung**

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

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Kenneth Dean Chung (Chung) agree as follows:

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

##### ***Parties***

1. 0804469 B.C. Ltd. (0804469) was a British Columbia-based non-reporting issuer that was incorporated on October 3, 2007, and was dissolved from the corporate registry on September 26, 2011.
2. 0804469 is defunct.
3. 0804469 never filed a prospectus or made any exempt distribution filings with the Commission.
4. Chung was at all relevant times a resident of British Columbia and the sole director of 0804469.
5. Chung has never been registered under the Act.

##### ***Misconduct***

##### **Illegal Distribution**

6. Between March and July of 2008, Chung distributed securities of 0804469 to four individual investors by issuing promissory notes in the amount of \$100,000 each for proceeds totaling \$400,000, in order to raise capital for 0804469. The four investors were all residents of British Columbia.
7. 0804469 sought to raise capital for the purpose of the development of a real estate project in Kelowna, British Columbia (the Development).
8. The promissory notes offered investors a 20% per annum return on their money. The promissory notes had a term of six months.
9. The Development fell apart as a result 0804469's inability to obtain additional financing for the project as a result of the financial crisis in effect in late 2008.

10. Chung invested over \$100,000 of his own money in 0804469, and did not recover any of his investment.
11. By distributing and trading the securities of 0804469 without having filed a prospectus and without an exemption from the registration and prospectus requires of the Act, Chung breached section 34 and 61 of the Act.

***Public Interest***

12. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

**Order**

- ¶ 2 The Executive Director will issue an order (the Order) that:
1. under section 161(1)(d)(i) of the Act, Chung resign any position that he holds as a director or officer of an issuer or registrant;
  2. under section 161(1)(d)(ii) of the Act, Chung is prohibited from becoming or acting as a director or officer of any issuer or registrant for a period of 5 years;
  3. under section 161(1)(d)(iv) of the Act, Chung is prohibited from acting in a management or consultative capacity in connection with activities in the securities market for a period of 5 years;
  4. under section 161(1)(d)(v) of the Act, Chung is prohibited from engaging in investors relations activities for a period of 5 years; and
  5. under section 161(1)(e)(ii) of the Act, Chung is required to disseminate to the public, any information or record relating to the affairs of 0804469 necessary for investors to claim their investments in 0804469 as a loss on their income taxes.

**Consent to Reciprocal Orders**

- ¶ 3 Chung consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph 2 above.

**Waiver**

- ¶ 4 Chung 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.

**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 December 14, 2013

¶ 7 Kenneth Dean Chung  
**Kenneth Dean Chung**

Dan Comeau )  
Witness Signature )  
Dan Comeau )  
Witness Name (please print) )  
13 – 452 Glen Pine Court )  
 )  
Kelowna, B.C. )  
Address )  
Retired )  
Occupation )

¶ 8 December 20, 2013

Paul C. Bourque, Q.C.

¶ 9 Paul C. Bourque, Q.C.  
Executive Director