

2002 BCSECCOM 728

Headnote

Relief from the prospectus requirements for trades of an issuer's shares by a control person to facilitate a reorganization and reactivation of the issuer

Exemption Order

Devon Ventures Corporation and Duran Ventures Inc

Section 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Devon has applied for relief from the requirements to file a preliminary prospectus and a prospectus and receive receipts (the prospectus requirement) in connection with trades of certain securities of Duran.

Representations

- ¶ 2 Devon and Duran represent that:
1. Devon was incorporated in British Columbia on January 16, 1979;
 2. Devon's authorized share capital consists of 1,000,000,000 common shares without par value and 100,000,000 preferred shares without par value;
 3. Devon is a reporting issuer in British Columbia and is not in default of any requirement of the Act or the *Securities Rules*, BC Reg. 196/97;
 4. Devon's shares are listed on the TSX Venture Exchange under the symbol DVX;
 5. Duran was incorporated in British Columbia on March 5, 1997;
 6. Duran's authorized share capital consists of 100,000,000 common shares without par value and 100,000,000 preferred shares without par value;
 7. Duran is a reporting issuer in British Columbia and is not in default of any requirement of the Act or the Rules;
 8. Duran's shares are listed on the TSX Venture under the symbol DRV;

2002 BCSECCOM 728

9. on June 17, 2002, Devon, Duran and certain shareholders of Duran completed a series of transactions which resulted in Devon holding a total of 72% of Duran's outstanding common shares;
10. as a result of becoming a control person, all of the securities of Duran that Devon acquired are subject to control block restrictions, in addition to other applicable hold periods and escrow provisions for certain of those securities;
11. through the transactions, Devon acquired the following securities of Duran (the acquisitions):
 - (a) a total of 1,168,111 previously issued common shares, consisting of 348,133 escrow shares and 819,978 free-trading shares (the free-trading shares), from certain shareholders of Duran;
 - (b) a total of 1,097,972 common shares issued from the treasury of Duran to settle outstanding debt; and
 - (c) a total of 2,304,761 units of Duran by way of private placement; each unit consisted of one common share and one non-transferable share purchase warrant;
12. at its AGM of June 17, 2002, Duran's shareholders approved a 2.5:1 share consolidation as part of a reorganization and reactivation; under the policies of the TSX Venture, Duran is required to have at least 150 public shareholders holding at least one board lot (in this case 2,500 pre-consolidation shares or 1,000 post-consolidation shares) in order to be able to complete the consolidation;
13. a review of the registered shareholder list and search of brokerage firms conducted earlier this year indicates that there are a total of 59 shareholders of Duran holding board lots of 2,500 pre-consolidation shares or more; based on this, Duran does not have sufficient distribution to meet minimum distribution requirements of the TSX Venture for the purpose of completing the consolidation;
14. in order for Duran to meet the minimum distribution requirements of the TSX Venture so it can complete the share consolidation, Devon has agreed to sell up to 250,000 of its free-trading shares (the sale shares) in blocks of 2,500 shares to up to 100 people in order to reach the required distribution;
15. the sale shares will be sold at market at the time of sale and transfers will be effected by a broker through the facilities of the TSX Venture;

2002 BCSECCOM 728

16. the sale shares represent 3.9% of Duran's total outstanding common shares, and 5.4% of Devon's shareholdings in Duran; and
17. without this order, Devon would not be able to sell the sale shares as it has not held the sale shares for six months.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders that, under section 76 of the Act, trades by Devon of the sale shares are exempt from the prospectus requirement, provided that Devon complies with the requirements of subsections 2.8(4), (5) and (6) of Multilateral Instrument 45-102 *Resale of Securities*, except that in item 2(c) of the Declaration, Certificate and Undertaking portion of the Form 45-102.F3, the reference to the period of time that the sale shares have been held may be deleted.
- ¶ 4 August 20, 2002

Brenda Leong
Director