

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF the Securities Act
S.A. 1981, c. S-6.1, as amended (the "Act")

- and -

IN THE MATTER OF Christopher Houston
(the "Respondent")
and
Celebrations Wines and Spirits Ltd.

SETTLEMENT AGREEMENT AND UNDERTAKING

1. INTRODUCTION

- 1.1 The Staff of the Alberta Securities Commission (the "Commission") conducted an investigation into allegations that the Respondent breached the requirements of the Act or rules pursuant to the Act (the "Rules"); and
- 1.2 the Executive Director and the Respondent have agreed to resolve the allegations against the Respondent in this matter based on the terms and conditions set out herein.

2. AGREED STATEMENT OF FACTS

- 2.1 Celebrations Wines and Spirits Ltd. ("Celebrations") was incorporated on August 26, 1994 under the laws of Alberta;
- 2.2 the Respondent is a firefighter and a businessman residing in the City of Calgary, in the Province of Alberta and was, at all material times, the Vice President (Finance) and a promoter, as that term is defined in the Act, of Celebrations;

- 2.3 between June and November of 1997, the Respondent, as a senior officer of Celebrations, caused Celebrations to issue shares to 31 investors raising a total of \$224,500 in reliance on the exemptions from the prospectus requirements contained in subsections 107(1)(p) and (z) of the Act;
- 2.4 a report of exempt trades ("Form 20") relating to the trades conducted was filed on April 17, 1998, approximately 8 months after the date of the first trade and 5 months after the date of the last trade;
- 2.5 by causing Celebrations to file the Form 20 on April 17, 1998, the Respondent, as a senior officer of Celebrations, caused Celebrations to violate Section 108 of the Act which requires that a Form 20 be filed within 10 days from the date a trade is made;
- 2.6 the trades described in paragraph 2.3 above were conducted in reliance on an offering memorandum prepared by the Respondent (the "Offering Memorandum");
- 2.7 contrary to Section 108.1 of the Act, the Respondent, as an officer of Celebrations, failed to cause Celebrations to file the Offering Memorandum with the Commission until May 5, 1998, some 10 months after the date of the first trade conducted in reliance on it;
- 2.8 under the heading "Use of Proceeds", it was stated in the Offering Memorandum that the gross proceeds derived from the offering would be used "[t]o pay off the debt (both bank and private) of Celebrations", which debt was stated to be \$160,000;
- 2.9 in fact, the debt of Celebrations was \$87,500, and the description of "Use of Proceeds" contained in the Offering Memorandum therefore constituted a misstatement for which the Respondent, as a director of Celebrations was responsible;
- 2.10 in addition, the Offering Memorandum provided to the Commission on May 5, 1998 did not comply with Form 43 in several ways, including the following:
 - 2.10.1 the Offering Memorandum did not address the issue of continuous reporting obligations to investors;
 - 2.10.2 the Offering Memorandum was not accompanied by financial statements; and
 - 2.10.3 the Offering Memorandum was not signed;

- 2.11 as a senior officer of Celebrations, the Respondent caused the Offering Memorandum to be circulated and then filed despite its deficiencies;
- 2.12 as a result of the foregoing, the Respondent acted in a manner contrary to the Act, the Rules and the public interest.

3. SETTLEMENT TERMS

- 3.1 The Respondent hereby undertakes to the Executive Director that he will make himself aware of the requirements of the Act and that he will comply with the Act and the Rules in the future;
- 3.2 the Respondent hereby undertakes to the Executive Director that before he causes any issuer to avail itself of any of the exemptions from the registration and prospectus requirements contained in the Act or Rules, he shall ensure that such issuer obtain legal advice regarding the use of such exemptions from an active member in good standing of the Law Society of Alberta practising in the area of securities law;
- 3.3 the undertaking described in paragraph 3.2 shall continue in force for a period of three (3) years, such period to run from the date of execution of this Settlement Agreement and Undertaking;
- 3.4 the Respondent shall resign any positions that he holds as a director or officer or both of any reporting issuer and is prohibited from acting as a director or officer or both of any reporting issuer for a period of six (6) months, such period to run from the date of execution of this Settlement Agreement and Undertaking;
- 3.5 the Respondent hereby undertakes to the Executive Director not to trade, as that term is defined in the Act, in any securities for a period of six (6) months, such period to run from the date of the execution of this Settlement Agreement and Undertaking;
- 3.6 the Respondent hereby undertakes to the Executive Director that by no later than January 31, 1999, he will enroll in the seminar entitled "Alberta Securities Law and Regulations", offered by the Canadian Securities Institute and that by no later than December 31, 1999 he will provide the Commission with written evidence of successful completion of such course;
- 3.7 the Respondent agrees to pay to the Commission at the time of execution of

this Settlement Agreement and Undertaking the sum of \$1150.00 towards the costs of the investigation;

- 3.8 the Respondent hereby waives any right that he may have under the Act or otherwise to a hearing, review, judicial review or appeal of the matters referred to herein;
- 3.9 this Settlement Agreement and Undertaking resolves all matters described herein, and the Staff will take no further steps, including the initiation of any proceedings before the Commission in this regard.

Signed by Christopher Houston)	
at Calgary, Alberta this <u>30</u> day of)	<u>“Original Signed By”</u>
November in the presence of:)	Christopher Houston
)	
<u>“Original Signed By”</u>)	
WITNESS)	
)	

Dated at CALGARY, ALBERTA)	ALBERTA SECURITIES COMMISSION
)	
this <u>30</u> day of November, 1998)	<u>“Original Signed By”</u>
)	H.C. Blakey
)	Director, Market Standards