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ALBERTA SECURITIES COMMISSION  
(the "Commission")

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

-and-

IN THE MATTER OF Stephen Richard Hansen  
(the "Respondent")

**ORDER**

WHEREAS:

1. On April 22, 2001, staff of the Alberta Securities Commission ("Staff") issued a Notice of Hearing seeking an Order against the Respondent;
2. the hearing of the matter was held on November 19, 2001;
3. the Respondent, Stephen Richard Hansen, entered into a Settlement Agreement with Staff, dated November 20, 2001, a copy of which is attached as Appendix "A" to this Order (the "Settlement Agreement"); and
4. the Commission has considered the contents of the Settlement Agreement and, based on the facts appearing therein, the Commission is satisfied that Stephen Richard Hansen has not complied with the Act and considers that it is in the public interest to make this Order.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

5. The Settlement Agreement is approved by the Commission;

6. Pursuant to subsection 165(1)(b) of the Act, Stephen Richard Hansen shall cease trading in securities for a period of 5 years from the date of this Order;
7. Pursuant to subsection 165(1)(c) of the Act, all of the exemptions in the Alberta securities laws do not apply to Stephen Richard Hansen for a period of 5 years from the date of this Order; and
8. Pursuant to subsections 165(1)(d) and (e) of the Act, Stephen Richard Hansen shall resign all positions he holds as a director or officer of any issuers, and he shall be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years from the date of this Order.

Dated at the City of Calgary in	)	<u>“Original Signed By”</u>
	)	Eric T. Spink, Vice-Chair
the Province of Alberta this	)	
	)	<u>“Original Signed By”</u>
<u>21</u> day of November, 2001	)	Wendy E. Best, Q.C., Member
	)	
	)	
	)	

**APPENDIX "A"**

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**ALBERTA SECURITIES COMMISSION**  
(the "Commission")

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

- and -

IN THE MATTER OF Stephen Richard Hansen  
("Hansen")  
(the Respondent)

**SETTLEMENT AGREEMENT**

**INTRODUCTION:**

- 1 On April 22, 2001, staff of the Commission ("Staff") issued a Notice of Hearing against the Respondent, seeking an Order pursuant to sections 165, 165.1 and 167.1 of the Act.
- 2 Staff and Hansen have agreed:
  - 2.1 on the facts to be presented to a panel of the Commission (the "Panel") on the date on which this Settlement Agreement is tendered for approval; and
  - 2.2 that they shall make a joint recommendation with respect to an appropriate disposition in relation to the allegations made against him.
- 3 Staff and Hansen acknowledge that this Settlement Agreement is subject to approval by the Panel.

- 4 Staff and Hansen acknowledge that while they have attempted to include all relevant matters in the Settlement Agreement, there may be other matters considered relevant by the Panel that have not been addressed herein. As such, Staff and Hansen have agreed to respond orally to questions from the Panel, without the need to include the replies in the Settlement Agreement. Such responses, if accepted by the Panel, shall form part of the record and shall supplement this Settlement Agreement.

## **AGREED STATEMENT OF FACTS:**

### ***The Parties***

- 5 Hansen, a sixty year old businessman, is and was at all material times, a resident of Calgary, Alberta. He was the sole director of Centec Financing Corporation ("Centec") and Savi Management Corporation ("Savi"), both private companies incorporated in Alberta. He was also the sole director of Nafta Express Company ("Nafta"), a Nevada company that became registered in Alberta as a foreign corporation on February 18, 1998. He is currently a real estate investor.
- 6 650 Alberta Ltd. ("650 Alberta") was incorporated on April 7, 1995 and owned interests in various oil and gas wells and properties. On or about August 20, 1996 the shares of 650 Alberta were purchased by Savi.
- 7 Schwanberg International Inc. ("Schwanberg") was incorporated in Alberta on August 31, 1993, as 578303 Alberta Inc. Schwanberg became listed on the ASE (now CDNX) on September 20, 1995, as a junior capital pool company. On February 17, 1998 Schwanberg acquired 650 Alberta from Savi as its major transaction, and was no longer considered a junior capital pool company.

### ***The Plan***

- 8 In the summer of 1996, Hansen created a business plan (the "Plan") to ultimately acquire Schwanberg, the details of which were:
  - 8.1 Centec would be set up as a holding company to provide working capital to Savi, primarily so that Savi could purchase 650 Alberta and fund the re-completion of some of 650 Alberta's wells;
  - 8.2 Centec would receive money from investors to acquire this working capital;
  - 8.3 After purchasing 650 Alberta, Savi would then sell it to Schwanberg as its major transaction, for which Schwanberg would pay with cash and Schwanberg shares;
  - 8.4 Savi and Centec would receive enough Schwanberg shares to have a controlling interest in Schwanberg; and

- 8.5 Hansen through Savi and Centec would dividend Schwanberg shares back to the Centec investors.
- 9 The Plan would only be effective if Savi and Schwanberg were able to agree on terms for the acquisition of 650 Alberta by Schwanberg as its major transaction.
- 10 In July 1996, Hansen, on behalf of Savi, began negotiating with Schwanberg with respect to the sale of 650 Alberta.
- 11 A formal arrangement between Schwanberg and Savi for the sale of 650 Alberta was signed in September 1996. Subsequently, Savi withdrew from the transaction on September 30, 1996, because the parties could not agree on the terms. After the formal arrangement fell apart, Savi and Schwanberg litigated the terms of the purchase and sale of 650 Alberta, which ended in arbitration. Schwanberg finally did acquire 650 Alberta as its major transaction in February 1998, but Savi did not receive the Schwanberg shares or a controlling interest in Schwanberg, as anticipated.

***The Investors***

- 12 In furtherance of the Plan, Hansen sought investors in Centec for the ultimate supply of working capital to Savi for its purchase of 650 Alberta. During those efforts, Hansen described the Plan to S.L. Stipanov and Associates (“Stipanov”). Hansen provided Stipanov with information on Schwanberg and 650 Alberta. Hansen acknowledges that the main selling point to Stipanov was the fact that an investment in Centec would, assuming the successful completion of the Plan, result in the receipt of Schwanberg shares.
- 13 At Hansen’s request, Stipanov raised approximately \$55,000 from eight Alberta investors (the “Investors”). The Investors believed from information received from Stipanov that they were investing directly in Schwanberg and believed that they were entitled to Schwanberg shares whether or not the Plan was completed.
- 14 As a result, Hansen acknowledges that he effectively sold shares from the treasury of Centec to Stipanov and the Investors. Hansen was not registered to trade in securities of Centec as required by subsection 54(1) of the Act, and did not file a prospectus as required by subsection 81(1) of the Act. Staff and Hansen agree that his actions constituted a distribution of Centec securities, for which no exemption from prospectus or registration was available, and Staff and Hansen also agree that his actions were contrary to the public interest.
- 15 Since the Plan was never successfully completed, the Investors did not receive Schwanberg shares. Seven of the eight Investors did receive Centec shares. Currently, Centec is not active and is not carrying on business.

- 16 The eighth Investor repeatedly complained to Hansen that he had not received Schwanberg shares. To appease that Investor, Hansen arranged in September 1997 for Savi to provide to that Investor 88,000 Nafta shares-worth \$36,000 (the "Nafta Trade"). Currently, Nafta is not active and is not carrying on business.
- 17 Hansen was not registered under the Act to trade in securities and as such the Nafta Trade was contrary to section 54 of the Act.

***Agreed Facts Relevant to Sanctioning***

- 18 In October 1998, Hansen entered into a Settlement Agreement and Undertaking with the Commission acknowledging breaches of sections 54 and 81 of the Act. Hansen undertook not to trade in securities for a six-month period and that not to act as a director of any issuer for a period of one year. Attached as Appendix "1" is a copy of the October 1998 Settlement Agreement and Undertaking.
- 19 The agreed facts contained in the October 1998 Settlement Agreement and Undertaking are summarized as follows:
  - 19.1 Hansen, as a director of Beacon Financing Corporation ("Beacon"), caused Beacon to issue common shares raising approximately \$122,000 (the "Proceeds").
  - 19.2 These Proceeds were used by Beacon to acquire shares in Goldback mines Corporation which were dividended to Beacon investors.
  - 19.3 Hansen acknowledged that no exemptions for the registration and prospectus requirements under the Act were available for either the issuance of Beacon shares or the share exchange of Goldback and Beacon.
- 20 Hansen has cooperated with Staff in the investigation and enforcement of this matter.

***JOINT RECOMMENDATION AS TO DISPOSITION:***

- 21 Staff and Hansen submit that an appropriate disposition would be for the Panel to Order that the Agreed Statement of Facts be accepted and that the following recommendation as to disposition be approved:
  - 21.1 Hansen shall cease trading in securities for a period of 5 years from the date of the Commission's approval of this Settlement Agreement;

- 21.2 all of the exemptions contained in the Alberta securities laws shall not apply to Hansen for a period of 5 years from the date of the Commission's approval of this Settlement Agreement; and
- 21.3 Hansen shall resign all positions that he holds as a director or officer of any issuer, and he shall be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years from the date of the Commission's approval of this Settlement Agreement.

***EVIDENCE, WAIVER AND COMMISSION REVIEW OF SETTLEMENT TERMS***

- 22 If the Panel accepts the Agreed Statement of Facts and approves the Joint Recommendation as to Disposition:
  - 22.1 the Agreed Statement of Facts, along with all oral submissions made in reply to questions by the Panel pursuant to paragraph 4 herein, will constitute the entirety of the evidence to be submitted in this matter by Staff and Hansen;
  - 22.2 Hansen waives any right to an appeal or judicial review of this matter, and waives any right to receive written reasons; and
  - 22.3 this Settlement Agreement resolves all matters raised in the Notice of Hearing against Hansen.
- 23 If the Panel accepts the Agreed Statement of Facts but does not approve the Joint Recommendation as to Disposition and decides, rather, to substitute its own disposition:
  - 23.1 any money, written undertakings, or other documents provided to Staff in furtherance of the Joint Recommendation as to Disposition that are not required to carry out the Panel's disposition, shall be returned to Hansen; and
  - 23.2 Staff and Hansen may make submissions to the Panel as to such other appropriate disposition.
- 24 If the Agreed Statement of Facts is not accepted and the Joint Recommendation as to Disposition is not approved by the Panel:
  - 24.1 this Settlement Agreement shall terminate and Staff may proceed with a hearing in respect of the matters raised in the Notice of Hearing as against Hansen, and all parties will be unaffected by this Settlement Agreement and the settlement negotiations;

- 24.2 any money, written undertakings or other documents provided to Staff in furtherance of this Settlement Agreement shall be returned to Hansen;
- 24.3 the terms of this Settlement Agreement shall not be raised in such proceedings or in any other proceeding; and
- 24.4 Hansen shall not raise this Settlement Agreement or the negotiation or process of approval thereof as a basis for any allegation of breach on the part of the Commission of the principles of natural justice.

Signed by Stephen Richard Hansen )  
at Calgary, Alberta, This 20<sup>th</sup> day of )  
November, 2001 in the presence of: )  
 )  
"Original Signed By" )  
\_\_\_\_\_ )  
WITNESS )  
 )

"Original Signed By"  
\_\_\_\_\_  
Stephen Richard Hansen

Dated at Calgary, ALBERTA )  
 )  
this 20 day of November, 2001 )  
 )  
 )

ALBERTA SECURITIES COMMISSION  
"Original Signed By" \_\_\_\_\_  
Wayne Alford  
Director Enforcement