

THE SECURITIES ACT

)

Order No. 2783

)

Section 19(5)

)

January 26, 2000

KIP POITRAS

WHEREAS:

(A) On December 17th, 1999, The Manitoba Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice") giving notice of its intention to hold a hearing (the "Hearing") to consider whether or not it was in the public interest to grant an order pursuant to subsection 19(5) of The Securities Act (the "Act") with respect to Kip Poitras ("Poitras");

(B) Staff of the Commission and Poitras entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated January 20th, 2000 (the "Settlement Agreement"), which proposed settlement of the proceedings initiated by the Notice, subject to the approval of the Commission;

(C) Poitras has consented to the issuance of this Order and has waived his right to a full hearing;

(D) The Commission has reviewed the Settlement Agreement and is of the opinion that it is in the public interest to make this Order.

IT IS ORDERED:

1. **THAT** the Settlement Agreement, Schedule "A", be and the same is hereby approved.

2. **THAT** pursuant to subsection 19(5) of the Act:

(a) subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to Poitras; and

(b) subsection 19(2) of the Act does not, with respect to such securities referred to in that section, apply to Poitras;

for a period of four years from the date of this Order.

BY ORDER OF THE COMMISSION

Director, Legal and Enforcement

Settlement Agreement

Kip Poitras

and

The Staff of The Manitoba Securities Commission

The Manitoba Securities Commission
1130 - 405 Broadway
Winnipeg, Manitoba
R3C 3L6

SETTLEMENT AGREEMENT

A. Introduction

A1. On December 17th, 1999, The Manitoba Securities Commission (the "Commission") issued a notice of hearing (the "Notice of Hearing") giving notice of its intention to hold a hearing under The Securities Act (the "Act") to consider:

1. whether or not it is in the public interest to order, pursuant to section 19(5) of The Securities Act (the "Act"), that:

(a) sections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to Kip Poitras ("Poitras");

(b) section 19(2) of the Act does not, with respect to such securities referred to in that section, apply to Poitras;

2. whether or not it is in the public interest to order that the respondent pay the costs of and incidental to the hearing;

3. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.

A2. Discussions have been held between the respondent and staff of the Commission ("Staff") in an effort to settle the matters set out in the Notice of Hearing and Statement of Allegations (the "Proceedings"). The Respondent has been advised of his right to legal counsel and has waived that right. A settlement (the "Settlement") has been reached based on the terms and conditions set forth in the herein agreement (the "Settlement Agreement").

A3. Pursuant to the Settlement, Staff agrees to recommend to the Commission that the Proceedings initiated against the respondent be resolved and disposed of in accordance with the terms and conditions of this Settlement Agreement as set forth below. The respondent consents to the Settlement and to the making of the consent order referred to in paragraph D. below, on the terms and conditions set forth in this Settlement Agreement.

B.Statement of Facts

B1. At all material times Kip Poitras ("Poitras") was a resident of British Columbia.

B2. Ace Mining Ltd. ("Ace Mining") and Eden Resources Ltd. ("Eden") were potential names of a mining company Poitras proposed to incorporate.

B3. At all material times none of Poitras, Ace Mining or Eden were registered to trade in securities under the Act.

B4. No preliminary prospectus or prospectus had been filed for Ace Mining or Eden with the Commission, nor had there been any exemption order granted under section 20 of the Act.

B5. Neither Ace Mining nor Eden had filed any reports under section 7 of the Regulation to the Act or any notice under section 91 of the Regulation to the Act with respect to any trades under section 19 of the Act or sections 90 or 91 of the Regulation.

B6. At all material times Gilles and Diana Desrochers (the "Desrochers") were residents of Winnipeg, Manitoba.

B7. In or about July of 1996, Poitras told the Desrochers about a mining claim in British Columbia owned by a man he had met named Ted Miller ("Miller"). Poitras and Miller did not have the funds necessary to develop the claim. Poitras was looking for seed capital to start a company to be incorporated as Ace Mining. Poitras showed the Desrochers rock samples from the claim site.

B8. Poitras gave the Desrochers an opportunity to invest in shares in Ace Mining. The money invested was to be used for development of the claim site, testing of samples, and raising capital to bring the site to the stage of a commercial mining operation.

B9. Poitras offered the Desrochers a reduced price of \$3,600 for one unit being a 1% interest in the company, stating that the price would later be \$5,000.

B10. On or about July 30, 1996, Poitras presented to the Desrochers a Subscription for Units, which they signed. The Subscription entitled them to 2 units representing 2% of mining claims, which would be deemed to be a subscription for 2 shares in Ace Mining upon the completion of its incorporation.

B11. The Desrochers took out a line of credit to raise the \$7,200 which they paid to Poitras on or about July 30, 1996, for the purchase of 2 units.

B12. Poitras also offered the same deal to Diana Desrochers' parents, William and Nancy Crakewich (the "Crakewiches"). The Crakewiches were residents of Winnipeg, Manitoba.

B13. On July 30, 1996, the Crakewiches also signed a Subscription for Units, as presented by Poitras. The Subscription also entitled them to 2 units representing 2% of mining claims, which

would be deemed to be a subscription for 2 shares in Ace Mining upon the completion of its incorporation.

B14. Also on July 30, 1996, the Crakewiches paid to Poitras \$7,200, which they had borrowed, for the purchase of the 2 units.

B15. In addition to the Desrochers and the Crakewiches, relatives of theirs, Jason and Kathie Gladu (the "Gladus"), also purchased units. The Gladus were residents of Winnipeg, Manitoba.

B16. On August 12, 1996, the Gladus wired a payment of \$5,000 to Ace Precious Metals (Kip Poitras).

B17. On or about August 13, 1996, the Gladus \$5,000 payment was deposited into an account in Salmon Arm, B.C., held in the name of Ace Precious Metals.

B18. Poitras forwarded to the Gladus a Subscription form dated August 20, 1996. The Subscription was similar in content to that of the Desrochers and the Crakewiches, except that the Gladus were only entitled to a 1/10th unit in return for \$5,000 and the proposed name for the company was now Eden as opposed to Ace Mining.

B19. Following their investment, in or about August or September of 1996, the Desrochers received from Poitras a promotional pamphlet on their investment which described the company to be incorporated as being named Eden.

B20. To date, the investors have only been paid back 1% of their initial investments.

C. Acknowledgements

C1. Poitras acknowledges and agrees that he:

- (a) traded in securities without having been registered and without prospectus in contravention of sections 6 and 37 of the Act.

D. Terms of Settlement

D1. In order to effect a resolution of the issues raised by the Notice of Hearing, Staff and the respondent have entered into this Settlement Agreement. Upon this basis, Staff seek an order (the "Consent Order") from the Commission that:

1. Pursuant to subsection 19(5) of the Act:

- (a) subsections 19(1) and 19(3) of the Act do not, with respect to such of the trades referred to in those sections, apply to Poitras;
and

(b) subsection 19(2) of the Act does not, with respect to such securities referred to in that section, apply to Poitras;

for a period of four years from the date of the order.

2. Poitras has made certain representations to Staff as to his current financial situation including that a fine in the approximate amount of \$1,200.00 resulting from prosecution in Provincial Court relating to the above events remains outstanding, that he currently has no funds available to pay costs, and that he is presently unemployed. Based upon the representations, the claim for costs as raised by the Notice of Hearing is abandoned and no order for costs is sought.

E. Procedure for Approval of Settlement

E1. The approval of this Settlement Agreement and the making of the Consent Order set out in this Settlement Agreement shall be sought at a public hearing pursuant to the Notice of Hearing.

E2. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted to the Commission in connection with the Proceedings and the respondent hereby waives his right to a full hearing and appeal of this matter.

E3. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the Consent Order referred to in paragraph D. above is not made by the Commission, Staff will be entitled to proceed with the hearing commenced by the Notice of Hearing unaffected by this Settlement Agreement or the settlement discussions. If this Settlement Agreement is not approved or the Consent Order set out in paragraph D. above is not made by the Commission, the terms of this Settlement Agreement will not be raised in the Proceedings or in any other proceeding.

E4. Staff and the respondent agree that if this Settlement Agreement is approved by the Commission and the Consent Order made upon the terms set out in this Settlement Agreement, this Settlement Agreement will be a public document.

E5. The respondent agrees that he will not raise in any proceeding this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as a basis for an attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other challenge that may be available.

DATED at Winnipeg, Manitoba, this "20th" day of "January", 2000.

"K. LaForte"
Witness

"Kip Poitras"
Kip Poitras

DATED at Winnipeg, Manitoba, this "20th" day of "January", 2000.

Staff of the Manitoba Securities Commission

per: "Douglas R. Brown"
Director, Legal and Enforcement