

IN THE MATTER OF THE *SECURITIES ACT*,
S.N.B. 2004, c. S-5.5

AND IN THE MATTER OF

**GEORGE WAYNE MALLET (a.k.a. "Wayne Mallett"),
VILLABAR REAL ESTATE INC.,
ST. CLAIR RESEARCH ASSOCIATES INC.,
RONALD A. MEDOFF and MAYER HOFFER**

(Respondents)

SETTLEMENT AGREEMENT
(with respect to the respondent George Wayne Mallett)

Part I

1. STAFF TO RECOMMEND SETTLEMENT

Staff of the New Brunswick Securities Commission ("Staff") agree to recommend approval of settlement of this matter with respect to George Wayne Mallett (the "Respondent") to a panel of the New Brunswick Securities Commission pursuant to section 191(1)(a) of the *Securities Act*, 2004 S.N.B., c. S-5.5 (the "*Securities Act*") in accordance with the following terms and conditions:

- a. The Respondent agrees to the Statement of Facts set out in Part II hereof, and consents to the making of an order, on the basis of those facts, substantially similar to that set out in Schedule "A"; and
- b. The terms of any settlement will become public information only if, and when, the settlement is approved by the Commission.

2. RESPONDENT'S OBLIGATIONS IF SETTLEMENT APPROVED

If the Settlement Agreement is approved, the Respondent undertakes and/or agrees as follows:

- a. The Respondent shall not make any statement, either directly or indirectly, which is inconsistent with the Agreed Statement of Facts herein. Any such statement shall constitute a breach of this Settlement Agreement;

- b. In accordance with an order substantially similar to that set out in Schedule "A", that:
 - i. Pursuant to section 184(1)(c)(ii) of the *Securities Act*, the Respondent shall cease trading in all securities until 2 May 2015, except that the Respondent may trade in and for his own account through a registered securities dealer;
 - ii. Pursuant to section 184(1)(d) of the *Securities Act*, the Respondent shall be denied all exemptions under New Brunswick securities law until 2 May 2015, except that the Respondent may trade in and for his own account through a registered securities dealer;
 - iii. Pursuant to section 186(1) of the *Securities Act*, the Respondent shall pay an administrative penalty in the amount of fifteen thousand dollars (\$15,000.00); and
 - iv. Pursuant to sections 185(1) and 185(2) of the *Securities Act*, the Respondent shall pay costs in the amount of two thousand dollars (\$2,000.00).
- c. The Respondent consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraphs 2(b)(i) and 2(b)(ii) above.

3. PROCEDURE FOR APPROVAL OF SETTLEMENT

- a. Upon execution of the Settlement Agreement by Staff and by the Respondent, Staff will apply to the Commission for an order approving the Settlement Agreement.
- b. Prior to the granting of any order, the Respondent shall deposit \$17,000.00 in trust with his legal counsel, and shall instruct such counsel to: (1) advise Staff of such deposit; and (2) deliver such funds to Staff upon an order approving the Settlement Agreement.
- c. If the Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence submitted respecting the Respondent in this matter.
- d. If the Settlement Agreement is approved by the Commission, the Respondent agrees to waive any right to a hearing and/or appeal with respect to this matter.
- e. If, for any reason whatsoever, this settlement is not approved by the Commission and the order set forth in Schedule "A" is not made by the Commission:
 - i. Staff and the Respondent will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing, unaffected by the Settlement Agreement or any of the settlement negotiations;

- ii. The terms of this agreement will not be referred to in any subsequent proceeding or disclosed to any person, except with the written consent of both Staff and the Respondent or as may be required by law; and
- iii. The Respondent further agrees that he will not raise, in any proceeding, the Settlement Agreement or the negotiation or process of approval thereof, as a basis for any attack on the jurisdiction of the Commission.

4. DISCLOSURE OF SETTLEMENT AGREEMENT

- a. The terms of the Settlement Agreement will be treated as confidential by the parties hereto until approved by the Commission and forever if, for any reason, the Settlement Agreement is not approved by the Commission; and
- b. Upon the approval of the Settlement Agreement by the Commission, any obligation as to confidentiality shall terminate and the Settlement Agreement will become public information.

5. STAFF COMMITMENT

If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the *Securities Act* against the Respondent in relation to the facts set out in Part II of this Settlement Agreement.

6. EXECUTION OF SETTLEMENT AGREEMENT

The Settlement Agreement shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original.

DATED at the City of Saint John this 4th day of May 2012.

"Original signed by"

Jake van der Laan
Director, Enforcement, NBSC

DATED at the municipality of Saint John, NB this 4th day of May 2012.

"Original signed by"

George Wayne Mallett

"Original signed by"

Witness: Jack M. Blackier

Part II

STATEMENT OF FACTS

1. George Wayne Mallett ("Mallett") is an individual resident at Little Shemogue, New Brunswick. Mallett has never been registered with the New Brunswick Securities Commission (the "Commission").
2. On 15 August 2008, the Commission issued an Investigation Order pursuant to section 171(1) of the *Securities Act*, S.N.B. 2004, c. S-5.5, (the "*Securities Act*") naming Mallett as one of the subjects of the investigation. The investigation primarily concerned the activities of a company operating as an exempt market dealer, for whom Mallett was considering working.
3. On 28 August 2008, the Investigator issued a summons to Mallett pursuant to section 173 of the *Securities Act* (the "Summons"). The Summons required Mallett to attend and respond to questions on 5 September 2008.
4. The investigation regarding the exempt market issuer for whom Mallett was considering working disclosed no misconduct on behalf of Mallett.
5. However, during the interview on 5 September 2008, Mallett made certain misrepresentations concerning his relationship with other exempt market participants, the Villabar group of companies ("Villabar"), who produce and distribute exempt market investments in New Brunswick and elsewhere in Canada. Mallett denied then having a relationship with Villabar, when this was not the case. Such misrepresentations were contrary to New Brunswick securities law.
6. Enforcement Staff proceeded to investigate the relationship between Mallett and Villabar. The only issue arising as a result of the investigation was with respect to the lack of disclosure by Villabar of compensation paid to Mallett and other representatives in New Brunswick. There was no issue as to the nature of the investments sold, or any prejudice or losses to the investors involved.
7. Mallett has cooperated with Staff by consenting to a 19 January 2009 *interim* order of the NBSC. The effect of this order has been to prohibit Mallett from his engaging in his previous employment in the exempt market for securities in New Brunswick.
8. Mallett has not previously been the subject of any regulatory proceeding involving the Commission.