

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

AND

IN THE MATTER OF

**S & L TRANSACTIONS LIMITED, ROBERT SAINTONGE
and ALINE SAINTONGE**

(Respondents)

SETTLEMENT AGREEMENT

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 the Respondents S & L Transactions Limited (S&L Transactions), Robert Saintonge and Aline Saintonge (together the "Respondents") to a panel of the New Brunswick Securities Commission (the "Panel" and "NBSC", respectively) 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 Respondents agree to the Statement of Facts set out in Part II hereof, and consent to the making of an order, on the basis of those facts, substantially similar to that set out in Schedule "A" hereto; 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 Respondents undertake and/or agree as follows:

- a. Not to 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. S & L Transactions shall forfeit commissions received in the amount of \$33,000 by way of:
 - (a) an order for disgorgement pursuant to section 184(1)(p) of the *Securities Act*; and/or
 - (b) an administrative penalty pursuant to section of 186(1) of the *Securities Act*,as determined by the Panel of the NBSC.
 - ii. Pursuant to section of 186(1) of the *Securities Act*, Robert Saintonge shall pay an administrative penalty in the amount of \$10,000;
 - iii. Pursuant to section of 184(1)(c)(ii) of the *Securities Act*, Robert Saintonge shall not trade in securities on behalf of the public for a period of five years. He may continue to trade securities on his own account;
 - iv. Pursuant to section of 184(1)(c)(ii) of the *Securities Act*, Aline Saintonge shall not trade in securities on behalf of the public for a period of one year. She may continue to trade securities on her own account; and
 - v. Pursuant to section 185(1) of the *Securities Act*, the Respondents shall pay costs in the amount of \$1,000.

3. PROCEDURE FOR APPROVAL OF SETTLEMENT

- a. Upon execution of the Settlement Agreement by Staff and by the Respondents, and the receipt by Staff of a certified cheque in the amount of \$44,000, which shall be held in escrow, Staff will apply to the Commission for an order approving the Settlement Agreement.
- b. If the Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence submitted respecting the Respondents in this matter.
- c. If the Settlement Agreement is approved by the Commission, the Respondents agree to waive any right to a hearing and/or appeal with respect to this matter.
- d. 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 Respondents 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 Respondents or as may be required by law; and

- iii. The Respondents further agree that they 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 Act against the Respondents in relation to the facts set out in Part II of this Settlement Agreement.

6. INDEPENDENT LEGAL ADVICE

The respondents acknowledge having received full and proper independent legal advice with respect to their entry into this Settlement Agreement.

7. 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 25th day of June, 2010.

"original signed by"
Jake van der Laan
Director, Enforcement, NBSC

DATED at the City of Fredericton this 22nd day of June, 2010.

S & L TRANSACTIONS LIMITED

"original signed by"
Per: Aline Saintonge, Director

Witness:

DATED at the City of Fredericton this 22nd day of June 2010.

"original signed by"
Robert Saintonge

Witness:

DATED at the City of Fredericton this 22nd day of June 2010.

"original signed by"
Aline Saintonge

Witness:

Part II
STATEMENT OF FACTS

1. S & L Transactions Limited (S & L Transactions) is a New Brunswick corporation with a registered office located in Fredericton, New Brunswick.
2. Robert Saintonge is an individual resident in Fredericton, New Brunswick. Robert Saintonge was a registered mutual fund salesperson at Investia Financial Services Inc. ("Investia") at all material times, until he resigned on 1 September 2009.
3. Aline Saintonge is an individual resident in Fredericton, New Brunswick. Aline Saintonge is the sole director of S & L Transactions. Aline Saintonge has never been registered with the NBSC.
4. In July 2006, Aline Saintonge loaned \$50,000 to a Quebec enterprise called Centre de traitement d'information de crédit (C.T.I.C.) Inc. ("CTIC") by way of debt securities issued by CTIC ("loan agreements"). She made two more \$50,000 loans to CTIC, one in July of 2007 and another in September of 2008 (for a total of \$150,000). These loans were held until CTIC entered bankruptcy proceedings in May 2009.
5. In addition to making these loans, Aline Saintonge and Robert Saintonge also introduced a few of their friends to the loan agreements offered by CTIC. S & L Transactions entered into an agreement with CTIC to be paid commissions of 1% per month for any such loans forwarded to CTIC by way of loan agreements.
6. In July 2006, the Respondents acted in furtherance of a trade in a \$50,000 CTIC loan agreement to a New Brunswick corporation controlled by a friend of Robert Saintonge. The loan was held for a term of one year, and the investor received all interest payments under the loan agreement (12% per year) and received his full principal back upon maturity. S & L Transactions was paid \$6,000 in commissions in respect of this trade.
7. In July 2006 and July 2007, the Respondents acted in furtherance of two trades of \$50,000 CTIC loan agreements to a friend of Robert Saintonge (for a total investment of \$100,000). The loans were held and paid interest (12% per year) until CTIC entered bankruptcy proceedings in May 2009. S & L Transactions was paid approximately \$20,000 in commissions in respect of these two trades.
8. In July 2007, S & L Transactions and Aline Saintonge acted in furtherance of a trade in a \$50,000 CTIC loan agreement to a friend of Aline Saintonge. The loan was held and paid interest (12% per year) until CTIC entered bankruptcy proceedings in May 2009. S & L Transactions was paid approximately \$7,000 in commissions in respect of this trade.
9. It appears that all loans subject to the CTIC bankruptcy will suffer principal losses of approximately 80%. This includes the \$150,000 loaned to CTIC by Aline Saintonge.

Agreement that acts constitute violations of New Brunswick securities law

10. The Respondents agree that they each breached sections 45(a) and 71(1) of the *Securities Act* by acting in furtherance of the four distributions of CTIC securities to the three New Brunswick investors.

11. Robert Saintonge agrees that he breached section 54(b) of the *Securities Act*, by acting in furtherance of trades in securities conducted outside the facilities of Investia.

Agreement that acts contrary to the public interest

12. The Respondents agree that the breaches described in paragraphs 10 and 11 above constitute acts contrary to the public interest.

Cooperation and other mitigating factors

13. Robert Saintonge and Aline Saintonge believed that the investments in CTIC were sound, as evidenced by the fact that they themselves invested money far in excess of what was paid to S & L Transactions in commissions.
14. Robert Saintonge and Aline Saintonge state that they did not realize that the CTIC loan agreements constituted securities under New Brunswick securities law, and Staff does not dispute this representation.
15. Robert Saintonge and Aline Saintonge have cooperated fully with Staff.
16. Robert Saintonge and Aline Saintonge were not involved in the operations of CTIC.
17. There has been no allegation that Robert Saintonge or Aline Saintonge were involved in any fraudulent conduct.
18. Despite the limited involvement of Robert Saintonge and Aline Saintonge with CTIC, their reputations have suffered harm by virtue of their perceived association with CTIC. This harm has been disproportionate to their actual conduct.
19. Robert Saintonge and Aline Saintonge are deeply regretful.