

IN THE MATTER OF THE SECURITIES ACT,  
SNB 2004, c. S-5.5, as amended

AND

IN THE MATTER OF

LOCATE TECHNOLOGIES INC., TUBTRON CONTROLS CORP.,  
BRADLEY CORPORATE SERVICES LTD., 706166 ALBERTA LTD.,  
LORNE DREVER, HARRY NILES, MICHAEL CODY AND  
DONALD NASON

(Respondents)

**FILED WITH/DÉPOSÉ AVEC**  
the Secretary to the Commission  
le secrétaire de la Commission  
  
OCT 29 2008  
file # 3500-03-63  
  
NBSC/CVMNB

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**SETTLEMENT AGREEMENT**  
(with respect to the respondents Harry Niles and Bradley Corporate Services Ltd.)

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**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 Harry Niles ("Niles") and Bradley Corporate Services Ltd. ("BCS") (herein referred collectively referred to as "the respondents"), to a panel of the New Brunswick Securities Commission pursuant to section 191(1)(a) of 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 consents to the making of an order on the basis of those facts, as 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. RESPONDENTS' OBLIGATIONS IF SETTLEMENT APPROVED**

If the Settlement Agreement is approved, the respondents undertake and agree as follows:

- a. Not to make any statement, either directly or through any of their counsel, representatives, partners, associates or agents, which is inconsistent with the

Agreed Statement of Facts herein. Any such statement shall constitute a breach of this Settlement Agreement;

b. That, pursuant to the Order as set out in Schedule "A": *AW*

- HM*
- and BCS*
- i. Pursuant to section 184(1)(c) of the Securities Act, the respondent Harry Niles shall be permanently barred from trading in any securities, other than those beneficially owned directly by him: *Harry Niles*;
  - ii. Pursuant to section 184(1)(i) of the Securities Act, the respondent Harry Niles shall be permanently barred from becoming or acting as a director or officer of any issuer;
  - iii. Pursuant to section 186(1) of the Securities Act, the respondents Harry Niles and BCS shall jointly and severally pay an administrative penalty in the amount of sixty thousand dollars (\$60,000.00);
  - iv. Pursuant to section 184(1)(p) of the Securities Act, the respondent Harry Niles and the respondent Bradley Corporate Services Ltd. shall jointly and severally disgorge the sum of one hundred and sixty thousand dollars (\$160,000.00) to the Commission for repayment to the persons set out in Schedule "B" hereto;
  - v. Pursuant to section 185(1) of the Securities Act, the respondent Harry Niles and the respondent Bradley Corporate Services Ltd. shall jointly and severally pay costs of the investigation in the amount of five thousand dollars (\$5,000.00).

c. Not to make an assignment in bankruptcy while their financial obligations under this Settlement Agreement remain outstanding. If they fail to comply with this undertaking, for any reason, Staff may apply for an order under section 178 of the Bankruptcy and Insolvency Act that the respondent's financial obligations under this Settlement Agreement are not discharged by the bankruptcy, in which case the respondents agree to consent to the making of such an order.

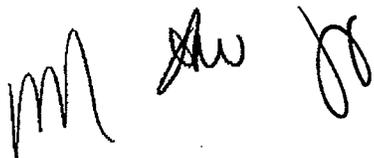
### 3. PROCEDURE FOR APPROVAL OF SETTLEMENT

- a. Upon execution of the Settlement Agreement by Staff and by the respondents, Staff will apply to the Commission for an order approving the Settlement Agreement.
- b. Immediately after execution of the Settlement Agreement and in any event prior to the hearing to seek approval of the Settlement Agreement, the respondents will provide the aggregate sum of twenty one thousand and ninety dollars (\$21,090.00) to the Commission in escrow, toward their financial obligations under this Settlement Agreement. If the Settlement Agreement is approved, these funds will immediately become the property of, and be retained by the Commission. If the Settlement Agreement is not approved, these funds will be returned to the respondents.
- c. If the Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence submitted respecting the respondents in this matter.

- d. 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.
- 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 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. PROCEDURE ONCE SETTLEMENT APPROVED

- a. Upon the settlement being approved, the Commission will file a certified copy of the order approving the settlement with the Court of Queen's Bench and obtain a judgment pursuant to section 189(1) of the *Securities Act*. The respondents specifically agree that their then outstanding obligations under this Settlement Agreement in the amount of two hundred and three thousand nine hundred and ten dollars (\$203,910.00), may be collected as a judgment of the Court of Queen's Bench for the recovery of a debt.
- b. The judgment of the Court of Queen's Bench will be registered against any real property of the respondent Niles and/or BCS. Should such property be subject to a marital property interest of Mr. Niles' spouse, the Commission will, in the event of the sale of the property, agree to provide a partial discharge of the judgment as it relates to such property, upon receipt of Mr. Niles' half of the equity in any such property, after payment of any charges upon the property having priority over the judgment.
- c. Niles agrees to make a monthly payment of one thousand dollars (\$1,000.00), on the first day of every month, toward his financial obligations under this Settlement Agreement commencing the month after this Settlement Agreement is approved. Niles will provide the Commission with 12 post dated monthly cheques for one thousand dollars (\$1,000.00) by the 15<sup>th</sup> of every November, until his financial obligations under this Settlement Agreement are paid in full.
- d. Any funds received by the Commission further to this Settlement Agreement may be distributed, at a time, in a manner, and at such intervals, as the Commission may decide and within its sole discretion, to the investors set out in Schedule "B" to this Settlement Agreement.



**5. 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.

**6. BREACH OF SETTLEMENT AGREEMENT**

- a. If the respondents breach or fail to comply with any term of this Settlement Agreement, for any reason, then the provisions of section 7 (Staff Commitment) of this agreement shall be inapplicable, of no force and effect, fully revoked and deemed severed from this Settlement Agreement.
- b. The discovery that a fact agreed to by any of the respondents in the Agreed Statement of Facts, and particularly the respondents' sworn affirmation of their assets as referred to in paragraph 32 of the Agreed Statement of Facts, is demonstrably false, shall constitute a breach of this Settlement Agreement.
- c. In the event of a breach or failure to comply, Staff may, upon fourteen (14) business days written notice to the respondents at the address set out in the Agreed Statement of Facts, commence proceedings, including proceedings under section 179(2) of the Securities Act, against any or all of the parties to this Settlement Agreement with respect to any of the facts giving rise to the Statement of Allegations being the subject of this Settlement Agreement and/or any additional facts relating thereto or arising therefrom, and seek any order available under the Securities Act, including an order for imprisonment, a fine, administrative penalties and/or costs (subject to set off for any amounts paid under this Settlement Agreement). For the purpose of any such proceeding, the respondents agree to toll any applicable statute of limitations for any violation of the Securities Act alleged in the Statements of Allegations previously filed in this matter, or otherwise relating to conduct during the period from 1 July 2004 to the date of execution of this agreement.

**7. 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.

**8. INDEPENDENT LEGAL ADVICE**Handwritten signatures and initials in black ink, including a large 'M', 'JW', and 'js', and a small '4'.

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

9. 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 29 day of October, 2008.

[Redacted signature block]

Jake van der Laan  
Director - Enforcement NBSC

DATED at the City of \_\_\_\_\_ this 29 day of October, 2008.

[Redacted signature block]

Harry Niles

[Redacted signature block]

Witness:

DATED at the City of \_\_\_\_\_ this 29 day of October, 2008.

[Redacted signature block]

Bradley Corporate Services Ltd., per

[Redacted signature block]

Witness:

*MM* *gaw*

Part II  
STATEMENT OF FACTS

1. Bradley Corporate Services Ltd. (BCS) is a corporation incorporated in accordance with the laws of the Province of New Brunswick on 24 January 1986, and has an office at 70 Gloucester Crescent, Fredericton, New Brunswick. BCS was previously known as Bradley Insurance Services Ltd. and changed its name to BCS on 21 April 1993.
2. Harry Niles (Niles) is the sole director and President of BCS and resides at [REDACTED] in the City of Fredericton, New Brunswick.
3. Niles and BCS have never been registered with the New Brunswick Securities Commission or the (predecessor) Administrator of the Securities Branch of the Department of Justice, to trade in securities.
4. Niles is the sole signing officer for the bank account of BCS.
5. Between 5 December 2000 and 5 November 2001 Niles acted as a promoter for Locate Technologies Inc. which during that period raised money from New Brunswick investors, without having filed a prospectus or having sought registration under the then applicable legislation, the Security Frauds Prevention Act, R.S.N.B. 1973 (SFPA).
6. At the time there were no applicable statutory exemptions from the registration or prospectus filing requirements in New Brunswick. The SFPA did permit discretionary relief from these requirements upon application to the Administrator of the Securities Branch but no such relief had been sought or otherwise granted to Niles.
7. In early November 2001, Staff of the Securities Branch contacted Niles and advised him that his activities were not compliant with the applicable legislation.
8. On 8 November 2001, Niles undertook to the Deputy Administrator, Enforcement and Compliance, of the Securities Branch, to "not engage in the "trading" (as defined in s. 1 of the Security Frauds Prevention Act, R.S.N.B. 1973 (SFPA) and s. 3 of the Regulation 84-128 under the Security Frauds Prevention Act) of securities of Locate Technologies from the present until November 29<sup>th</sup>, 2001".
9. On 17 January 2002, Niles undertook to the Deputy Administrator, Enforcement and Compliance, not to engage in "trading (as defined in s. 1 of the SFPA and s. 3 of the Regulation 84-128 under the Security Frauds Prevention Act) of securities of Locate Technologies from November 29, 2001 to February 5, 2002". This undertaking was subsequently further extended to 28 February 2002.
10. On 3 April 2002, Lorne Drever, the President of Locate and Tubtron, on his own behalf and on behalf of Locate and Tubtron, formally undertook not to trade in any shares of Locate and/or Tubtron without the specific permission of the Deputy Administrator.
11. Between 8 November 2001 and 3 April 2002, Niles was involved in trading with New Brunswick investors, either by soliciting, effecting or facilitating at least twenty two trades with New Brunswick investors and thereby traded in the shares of Locate.

12. Between 3 April 2002 and 8 August 2002, Niles was involved in trading with New Brunswick investors, either by soliciting, effecting or facilitating at least fifty one additional trades with New Brunswick investors and thereby traded in Locate.
13. During July and August 2002, and without having disclosed his trading activity, Niles negotiated with the Securities Branch and agreed to resolve his non-compliance on the basis that he would unequivocally undertake not to engage in the trading of any securities whatsoever unless and until he became properly registered pursuant to the SPPA.
14. On 6 August 2002, Niles formally undertook in writing that "I will not engage in the trading of any securities whatsoever unless and until I become properly registered pursuant to the Security Frauds Prevention Act, S.N.B. ch. S-6, as amended."
15. Between July 2003 and October 2003, and unknown to the Administrator at the time, Niles was involved in trading Tubtron shares with New Brunswick investors, either by soliciting, effecting or facilitating trades, on at least nine occasions, without having sought registration or otherwise obtaining exemptive relief, in direct violation of his undertaking.
16. Between October 2002 and October 2003, and unknown to the Administrator at the time, Niles was involved in trading Locate shares with New Brunswick investors, either by soliciting, effecting or facilitating trades, on at least forty nine occasions, without having sought registration or otherwise obtaining exemptive relief, in direct violation of his undertaking.
17. On 5 December 2003, and after having become aware of this activity, Staff of the Securities Branch obtained an Entry Warrant from a Judge of the Provincial Court of New Brunswick to search 70 Gloucester Crescent, the office location of BCS in Fredericton. This Entry Warrant was executed on 9 December 2003 at that location.
18. On 11 February 2004, the Administrator of the Securities Branch made application to the Court of Queen's Bench, to prohibit Niles, BCS and others from further trading.
19. The Administrator's application was heard *ex parte* and an interim order was issued by the Court of Queen's Bench on 11 February 2004, prohibiting Niles, BCS, and others from trading in any security in New Brunswick.
20. On 20 February 2004, this order was extended and on 31 March 2004 Niles, BCS and others agreed to a Consent Order issued by The Court of Queen's Bench which prohibited them from trading in any security, without first obtaining from the Administrator a certificate or order that authorized trading pursuant to the SPPA.
21. Unknown to the Administrator and the Commission, Niles was involved in trading with New Brunswick investors, either by soliciting, effecting or facilitating the sale of Locate shares to New Brunswick residents, on at least sixteen occasions between April and December 2004, in direct contravention of the order of the Court of Queen's Bench.
22. Unknown to the Administrator and the Commission, Niles was involved in trading with New Brunswick investors, either by soliciting, effecting or facilitating the sale of Tubtron shares to New Brunswick residents, on at least six occasions between April and December 2004, in direct contravention of the order of the Court of Queen's Bench.



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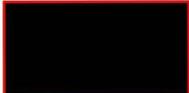
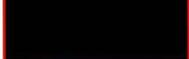
- 23. Unknown to the Administrator and the Commission, Niles was involved in trading with New Brunswick investors, either by soliciting, effecting or facilitating the sale of Locate shares to New Brunswick residents, on at least forty five occasions in 2005, in direct contravention of the order of the Court of Queen's Bench.
- 24. Unknown to the Administrator and the Commission, Niles was involved in trading with New Brunswick investors, either by soliciting, effecting or facilitating the sale of Locate shares to New Brunswick residents, on at least 12 occasions in 2006, in direct contravention of the order of the Court of Queen's Bench.
- 25. In summary, between January 2004 and September 2006, Niles acted in furtherance of the trades by Locate and Tubtron to New Brunswick residents, by:
  - a. Personally soliciting and selling to seven investors.
  - b. Personally delivering subscription forms to these seven investors and others who had agreed to invest.
  - c. Personally completing subscription forms for these seven investors and others who had agreed to invest.
  - d. Retaining Michael Cody and Donald Nason to promote the sale of Locate and Tubtron shares.
  - e. Acting as a conduit between Donald Nason and Michael Cody on the one hand, and Locate, Tubtron and 706166 Alberta Ltd., on the other, with respect to the sale of shares to New Brunswick residents.
  - f. Receiving investment cheques from investors directly, or indirectly through Donald Nason and Michael Cody.
  - g. Delivering investment cheques to 706166 Alberta Ltd.

26. Niles was paid by Locate for his services as follows:

15 March 2005	Locate	Professional fees	\$1,500
12 April 2005	Locate	Professional fees	\$5,000
28 June 2005	Locate	Professional fees	\$10,000
31 August 2005	Locate	Professional fees	\$35,000
15 December 2005	Locate	Professional fees	\$5,000
31 May 2006	Locate	Professional fees	\$17,500
28 February 2006	Locate	Professional fees	\$5,000
23 June 2006	Locate	Professional fees	\$2,500

27. BCS or Niles paid \$11,350 to Donald Nason and \$17,560 to Michael Cody/ MTC Consulting for services rendered by these individuals to BCS, to promote the sale of Locate and Tubtron shares.

28. Between May 2004 and January 2005 some New Brunswick residents made cheques in payment of their share purchases in Locate and/or Tubtron payable to BCS, as follows:

03-May-04		\$ 20,000.00
06-May-04		\$ 10,000.00
28-Jun-04		\$ 5,000.00

29-Jun-04		\$ 5,000.00
30-Jun-04		\$ 5,000.00
30-Jun-04		\$ 5,000.00
09-Jul-04		\$ 5,000.00
09-Jul-04		\$ 20,000.00
16-Jul-04		\$ 5,000.00
18-Aug-04		\$ 5,000.00
20-Aug-04		\$ 5,000.00
30-Aug-04		\$ 5,000.00
17-Sep-04		\$ 10,000.00
05-Oct-04		\$ 10,000.00
27-Oct-04		\$ 18,000.00
21-Dec-04		\$ 2,000.00
14-Jan-05		\$ 3,000.00
18-Jan-05		\$ 2,000.00
18-Jan-05		\$ 5,000.00
19-Jan-05		\$ 5,000.00
19-Jan-05		\$ 10,000.00

29. None of these individuals received a share certificate nor do these transactions appear on the records of Locate, Tubtron or 706166 Alberta Ltd.

30. Funds for these purchases, in the total amount of \$160,000.00, were retained and spent by BCS and were not forwarded to Locate, Tubtron, or 706166.

**Agreement that acts constitute violations of New Brunswick securities law**

31. The respondents agree that they have violated section 45 of the *Securities Act* by trading in securities or engaging in acts in furtherance of trading, while not registered to do so.

32. The respondents agree that they have violated the orders of the Court of Queen's Bench issued against them in February and March 2004.

**Agreement that acts contrary to the public interest**

33. The respondents agree that the breaches and violations of undertakings, promises, orders and the provisions of the *Securities Act* as set out herein, as well as their retention of funds provided by investors, constitute acts contrary to the public interest.

**The respondents' ability to pay disgorgement, penalties and costs**

34. Niles and BCS have provided Staff with sworn particulars of all their income and assets.

35. Based on these particulars, Staff agree that:

- a. Neither Niles nor BCS have the money to pay their obligations under this settlement agreement in full.
- b. The payment obligations under this Settlement Agreement are the maximum amounts

the respondents can currently pay.

*M. Hewitt*

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**Schedule "A"**

IN THE MATTER OF THE SECURITIES ACT,  
SNB 2004, c. S-5.5, as amended

AND

IN THE MATTER OF

**LOCATE TECHNOLOGIES INC., TUBTRON CONTROLS CORP.,  
BRADLEY CORPORATE SERVICES LTD., 706166 ALBERTA LTD.,  
LORNE DREVER, HARRY NILES, MICHAEL CODY AND  
DONALD NASON**

(Respondents)

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**ORDER**

**(with respect to respondents Harry Niles and Bradley Corporate Services Ltd.)**

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WHEREAS Staff of the Commission filed a Statement of Allegations against, *inter alia*, Harry Niles and Bradley Corporate Services Ltd. on 14 March 2008.

AND WHEREAS Staff filed an Amended Statement of Allegations against the said respondents on 2 June 2008.

AND WHEREAS Staff filed a Second Amended Statement of Allegations against the said respondents on 23 October 2008.

AND WHEREAS the said respondents entered into a Settlement Agreement dated ~ October 2008 (the "Agreement") in which they agreed to a proposed settlement of violations of New Brunswick securities law as alleged in the Statement of Allegations and Amended Statement of Allegations, subject to the approval of the Commission;

AND UPON REVIEWING the said Agreement and the Agreed Statement of Facts therein;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. Pursuant to section 191(1)(a) of the Act, the Settlement Agreement entered into on ~ October 2008 with respect to Niles and Bradley Corporate Services Ltd., is hereby approved.
2. Pursuant to section 184(1)(c) of the Securities Act, the respondent Harry Niles shall be permanently barred from trading in any securities, other than those beneficially owned

directly by him;

- 3. Pursuant to section 184(1)(i) of the *Securities Act*, the respondent Harry Niles shall be permanently barred from becoming or acting as a director or officer of any issuer;
- 4. Pursuant to section 186(1) of the *Securities Act*, the respondent Harry Niles shall pay an administrative penalty in the amount of sixty thousand dollars (\$60,000.00);
- 5. Pursuant to section 184(1)(p) of the *Securities Act*, the respondent Harry Niles and the respondent Bradley Corporate Services Ltd. shall jointly and severally disgorge the sum of one hundred and sixty thousand dollars (\$160,000.00) to the Commission for repayment to the persons set out in Schedule "B" hereto;
- 6. Pursuant to section 185(1) of the *Securities Act*, the respondent Harry Niles and the respondent Bradley Corporate Services Ltd. shall jointly and severally pay costs of the investigation in the amount of five thousand dollars (\$5,000.00).
- 7. The prior orders in this matter with respect to Harry Niles and Bradley Corporate Services Ltd. are vacated and replaced by this order.

DATED at the City of Saint John this     day of October, 2008.

\_\_\_\_\_  
~, Panel Chair

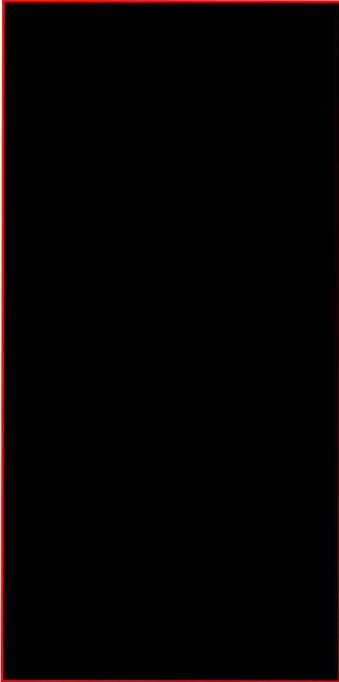
\_\_\_\_\_  
~, Panel Member

\_\_\_\_\_  
~, Panel Member

New Brunswick Securities Commission  
Suite 300, 85 Charlotte Street  
Saint John, New Brunswick  
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Tel: (506) 658-3060  
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Schedule "B"



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