

ALBERTA SECURITIES COMMISSION
SETTLEMENT AGREEMENT AND UNDERTAKING

Citation: Waite, Peter, Re, 2010 ABASC 54

Date: 20100209

Docket: E03619

Securities Act, R.S.A. 2000, c. S-4, as amended (Act)

Peter Waite

Agreed Facts

Introduction

1 The staff of the Alberta Securities Commission (respectively, **Staff** and **Commission**) conducted an investigation into allegations that Peter Waite (**Waite**) breached the Alberta securities laws regarding insider trading, and acted contrary to the public interest.

2 The investigation confirmed and Waite admits that he breached the section of the *Act* referred to in this Settlement Agreement and Undertaking (**Agreement**), and that he acted contrary to the public interest.

3 Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertaking referred to in paragraph 23, Waite agrees to the facts and consequences set out in this Agreement.

4 Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

Parties

5 Waite is a resident of Alberta. At all material times, Waite was a consultant drilling engineer to Verenex Energy Inc. (**Verenex**) and was in a special relationship, as that term is defined in the *Act*, with Verenex.

6 At all material times, Verenex was a reporting issuer in Alberta and a publicly traded company listed on the Toronto Stock Exchange.

Circumstances

7 At all material times, Verenex had an ongoing seismic, drilling and testing program in relation to certain petroleum and natural gas wells located in Libya (the **PNG Wells**).

The January 2007 Trades

8 In January 2007 Waite became aware of information concerning the favourable production prospects of the PNG Wells that had not been generally disclosed (the **Inside Information**).

9 On January 29 and January 31, 2007 Waite placed orders with his broker to buy a total of 2,000 Verenex shares at an average price of \$6.95 per share (the **January Trades**).

10 The Inside Information was not generally disclosed until February 6, 2007 (the **February 6th Disclosure**) and on February 8, 2007 Verenex shares closed trading at \$9.04.

The February/March 2007 Trades

11 In February and March 2007 Waite became aware of further information concerning the favourable production prospects of the PNG Wells that had not been generally disclosed (the **2nd Inside Information**).

12 Between February 23 and March 22, 2007 Waite placed seven orders with his broker to buy a total of 8,500 Verenex shares at an average price of \$10.91 per share (the **February/March Trades**).

13 The 2nd Inside Information was not generally disclosed until April 25, 2007 (the **April 25th Disclosure**) and on April 27, 2007 Verenex shares closed trading at \$12.60.

The May/June 2007 Trades

14 In April, May and June 2007 Waite became aware of further information concerning the favourable production prospects of the PNG Wells that had not been generally disclosed (the **3rd Inside Information**).

15 Between May 2 and June 27, 2007 Waite placed ten orders with his broker to buy a total of 7,100 Verenex shares at an average price of \$12.50 per share (the **May/June Trades**).

16 The 3rd Inside Information was not generally disclosed until July 3, 2007 (the **July 3rd Disclosure**) and on July 3, 2007 Verenex shares closed trading at \$15.74.

17 Waite admits that he was in a special relationship with Verenex at the time the January Trades, February/March Trades and the May/June Trades were made, and that the Inside Information, 2nd Inside Information and 3rd Inside Information were material facts that had not been generally disclosed.

18 Waite further admits that by making the January Trades prior to the February 6th Disclosure, he made an unrealized gain of \$4,180.00, that by making the February/March Trades prior to the April 25th Disclosure he made an unrealized gain of \$14,365.00, and that by making the May/June Trades prior to the July 3rd disclosure he made an unrealized gain of \$20,306.00. Waite did not actually sell any of the shares purchased in the January Trades, February/March Trades or May/June Trades until October 2007.

Breaches

19 As a result of the conduct outlined above, Waite admits that he breached subsection 147(2) of the Act by selling securities of Verenex while he was in a special relationship with Verenex and when he had knowledge of a material fact with respect to Verenex that had not been generally disclosed, and that this was conduct contrary to the public interest.

Other Circumstances Relevant to Settlement

20 Waite has not been previously sanctioned by the Commission and he cooperated with Staff throughout the investigation.

21 This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement Payments and Undertakings

22 Based on these facts and admissions, Waite undertakes to the Executive Director upon execution of this Agreement:

22.1 to pay to the Commission the amount of \$58,276.50 to settle the allegations;

22.2 to pay to the Commission the amount of \$2,500.00 towards investigation and legal costs;

22.3 to refrain from trading in or purchasing securities for three (3) years other than trading in or purchasing securities in registered retirement savings plans (as defined in the *Income Tax Act* (Canada)) for his benefit and through a registrant who has first been given a copy of this Agreement; and

22.4 to refrain from using any exemptions in the Alberta securities laws for a period of three (3) years.

Administration

23 Waite acknowledges that he has received independent legal advice regarding executing the Agreement and that he has voluntarily made the admissions herein.

24 Waite waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.

25 Waite acknowledges that this Agreement may be referred to in any other proceedings under the *Act*, and in securities regulatory proceedings in other jurisdictions.

26 The Agreement resolves all issues involving Waite as described above, and Staff will take no further steps against Waite arising from these facts.

27 The Agreement may be executed in counterpart.

Signed by Peter Waite at Calgary,)
Alberta this 28 day of January 2010, in)
the presence of:)

WITNESS NAME)
WITNESS NAME)

) “Original Signed By”
) Peter Waite

“Original Signed By”
SIGNATURE

) ALBERTA SECURITIES COMMISSION
)

Calgary, Alberta, this 9 day of February,)
2010.

) “Original Signed By”
) John P. Petch
) Director, Enforcement

“Original Signed By”
David C. Linder
Executive Director