

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990 c. S.5, AS AMENDED**

-and-

**IN THE MATTER OF TEODOSIO VINCENT PANGIA,
AGOSTINO CAPISTA AND DALLAS/NORTH GROUP INC.**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated October 22, 2001, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, it is in the public interest for the Commission to make an order that:

- (a) Teodosio Vincent Pangia cease trading in securities permanently or for such period as the Commission may order;
- (b) Agostino Capista cease trading in securities permanently or for such period as the Commission may order;
- (c) Dallas/North Group Inc. cease trading in securities permanently or for such period as the Commission may order;
- (d) the exemptions contained in Ontario securities law do not apply to Pangia permanently or for such period as the Commission may order;
- (e) the exemptions contained in Ontario securities law do not apply to Capista permanently or for such period as the Commission may order;

- (f) the exemptions contained in Ontario securities law do not apply to Dallas North permanently or for such period as the Commission may order;
- (g) Pangia resign any positions he holds as a director or officer of any issuer;
- (h) Capista resign any positions he holds as a director or officer of any issuer;
- (i) Pangia be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;
- (j) Capista be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;
- (k) Pangia, Capista and Dallas North be reprimanded;
- (l) Pangia, Capista and Dallas North pay the costs of Staff's investigation and this proceeding; and
- (m) such further order as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff recommend settlement of the allegations against the respondents, Pangia, Capista and Dallas North in accordance with the terms and conditions set out below. Pangia, Capista and Dallas North agree to the settlement on the basis of the facts agreed to as provided in Part IV and consent to the making of an order against them in the form attached as Schedule "A" on the basis of the facts set out in Part IV.

3. This settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement") will be released to the public only if and when the Settlement Agreement is approved by the Commission.

III. ACKNOWLEDGEMENT

4. Staff and each of the respondents agree with the facts set out in Part IV for the purpose of this settlement proceeding only and further agree that this agreement of facts is without prejudice to the respondents in any other proceedings of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the Commission under the Act or any civil or other proceedings which may be brought by any other person or agency.

IV. AGREED FACTS

5. Pangia was, at all material times, the President and a director of Dallas North and President, Chairman and Chief Executive Officer of E.P.A. Enterprises Inc. Pangia had been registered with the Commission in 1988 and 1989 as a salesperson restricted to the sale of mutual funds, but was not registered during 1995 and 1996.

6. Capista was the incorporator and first director of Dallas North. Until October 1995, Capista was the Secretary, Treasurer and a director of Dallas North and exercised control over it. Capista has never been registered with the Commission.

7. At the material time, Pangia exercised control over Dallas North, a private company incorporated in Ontario on May 14, 1991. In the period March 1995 to October 1995, Dallas North received funds from the sale of shares of EPA.

8. Envirovision International Inc. was incorporated in Ontario on June 7, 1995 to facilitate the sale of shares of EPA. Between June 1995 and February 1996, Envirovision received funds from the sale of EPA shares. In turn, Envirovision disbursed funds to Pangia.

9. EPA was originally incorporated in British Columbia on January 9, 1987, as 319980 B.C. Ltd. EPA was a reporting issuer in British Columbia and its shares had traded on the Vancouver Stock Exchange. During the period March 1995 to February 1996, trading of EPA shares on the VSE was halted or suspended. In addition, during the period July 26, 1995 to August 18, 1995, all trading in EPA shares was cease traded by the British Columbia Securities Commission.

10. During the period March 1995 to February 1996, Pangia, Capista and/or Dallas North participated in the sale of shares of EPA to members of the public in approximately 113 transactions for proceeds of approximately \$1.4 million. These funds were paid to Dallas North and Envirovision. Pangia and/or Dallas North owned or controlled the shares of EPA that were sold in these transactions. Capista exercised control over Dallas North in his capacity as an officer and director until October 1995. The actions of Pangia, Capista and Dallas North in relation to the sale of the shares constituted trading.

11. Further, Pangia engaged in activities which constituted trading in EPA shares in Ontario between June 1995 and August 1995, where such trading was a distribution of those securities, without the required filing of a preliminary prospectus and prospectus. Those distributions involved at least 26,000 shares of EPA, for which purchasers paid a total of approximately \$84,500.00.

12. Registered representatives employed by TD Evergreen, in 1995 a division of TD Evergreen Investment Services Inc. and in 1996 a division of TD Securities Inc., also participated in the sale of shares of EPA by Pangia, Capista and Dallas North as described in paragraphs 10 and 11 above. These sales of EPA shares were not recorded in the books and records of TD Evergreen.

13. Each of the registered representatives referred to in paragraph 12, Simon Kin-Ho Tam, Woody Woo-Keung Wu and April Shuk-Fan Che, was disciplined by the Investment Dealers Association of Canada in 2002.

14. TD Evergreen has made payment to certain of the persons who purchased EPA shares, including those who purchased EPA shares during the material time. To date, these payments exceed \$3 million.

15. In addition, between October 1995 and October 1996, Capista participated in the sale of approximately 135,200 shares of EPA to the public for proceeds of \$237,700.00.

Conduct Contrary to Ontario Securities Law and the Public Interest

16. By engaging in the conduct described above:

- (a) Pangia, Capista and Dallas North sold shares of EPA without being registered to trade in securities as required by section 25 of the Act; and
- (b) Pangia traded in shares of EPA where such trading was a distribution of those securities, without filing a preliminary prospectus and a prospectus as required by section 53 of the Act.

17. Further, the conduct described above was contrary to the public interest.

V. TERMS OF SETTLEMENT

18. Pangia, Capista and Dallas North agree to the following terms of settlement:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, Pangia, Capista and Dallas North will cease trading in securities permanently, effective from the date of the order of the Commission approving the Settlement Agreement;

- (b) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Pangia, Capista and Dallas North, effective from the date of the order of the Commission approving the Settlement Agreement;
- (c) pursuant to paragraph 7 of subsection 127(1) of the Act, Pangia and Capista will each forthwith resign any positions they hold as an officer and/or director of any issuer;
- (d) pursuant to paragraph 8 of subsection 127(1) of the Act, Pangia and Capista are each permanently prohibited from becoming or acting as an officer and/or director of any issuer, effective from the date of the order of the Commission approving the Settlement Agreement;
- (e) Pangia and Capista each undertake never to apply for registration in any capacity under Ontario securities law;
- (f) pursuant to paragraph 6 of subsection 127(1) of the Act, Pangia, Capista and Dallas North will be reprimanded by the Commission;
- (g) Pangia and Capista agree to attend, in person, the hearing before the Commission on a date to be determined by the Secretary to the Commission to consider the Settlement Agreement, or such other date as may be agreed to by the parties for the scheduling of the hearing to consider the Settlement Agreement;

- (h) Pangia will make a payment of \$50,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and
- (i) Capista will make a payment of \$20,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter.

VI. STAFF COMMITMENT

19. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Pangia, Capista and Dallas North respecting the facts set out in Part IV of the Settlement Agreement.

VII. PROCEDURE FOR APPROVAL OF SETTLEMENT

20. Approval of the settlement set out in the Settlement Agreement shall be sought at a public hearing of the Commission scheduled for such date as is agreed to by Staff and Pangia, Capista and Dallas North.

21. Counsel for Staff or for Pangia, Capista and Dallas North may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff, Pangia, Capista and Dallas North agree that the Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing, unless the parties later agree that further evidence should be submitted at the Settlement Hearing.

22. If the Settlement Agreement is approved by the Commission, Pangia, Capista and Dallas North agree to waive their right to a full hearing, judicial review or appeal of the matter under the Act.

23. Staff, Pangia, Capista and Dallas North agree and undertake that if the Settlement Agreement is approved by the Commission, they will not make any statement inconsistent with the Settlement Agreement. This undertaking is a fundamental term of the Settlement Agreement, the breach of which Pangia, Capista and Dallas North each agree will be deemed to be a fundamental breach of the Settlement Agreement.

24. Whether or not the Settlement Agreement is approved by the Commission, Pangia, Capista and Dallas North agree that they will not, in any proceeding, refer to or rely upon the Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

25. If, for any reason whatsoever, the Settlement Agreement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission;

- (a) the Settlement Agreement and its terms, including all settlement negotiations between Staff, Pangia, Capista and Dallas North leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff, Pangia, Capista and Dallas North;
- (b) Staff, Pangia, Capista and Dallas North shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Amended Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement negotiations; and
- (c) the terms of the Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person except with the written consent of Staff, Pangia, Capista and Dallas North or as may be required by law.

VIII. DISCLOSURE OF SETTLEMENT AGREEMENT

26. The Settlement Agreement and its terms will be treated as confidential by Staff, Pangia, Capista and Dallas North until approved by the Commission, and forever if, for any reason whatsoever, the Settlement Agreement is not approved by the Commission, except with the written consent of Staff, Pangia, Capista and Dallas North, or as may be required by law.

27. Any obligations of confidentiality shall terminate upon approval of the Settlement Agreement by the Commission.

28. If the Settlement Agreement is approved by the Commission, and at any subsequent time Pangia, Capista and/or Dallas North fail to honour the terms and undertakings contained in paragraph 18, Staff reserve the right to bring proceedings under Ontario securities law against Pangia, Capista and/or Dallas North based on the facts set out in Part IV of the Settlement Agreement, as well as the breach of the terms and undertakings.

IX. EXECUTION OF SETTLEMENT AGREEMENT

29. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

30. A facsimile copy of any signature shall be as effective as an original signature.

DATED this “4th” day of December, 2003.

Signed in the presence of:

“Linda Fuerst”

“Ted Pangia”

Teodosio Vincent Pangia

DATED this “4th” day of December, 2003.

Signed in the presence of:

“Linda Fuerst”

“Agostino Capista”

Agostino Capista

DATED this “4th” day of December, 2003.

Signed in the presence of:

“Linda Fuerst”

“Ted Pangia”

Dallas/North Group Inc.
I have authority to bind the corporation

DATED this “4th” day of December, 2003.

Signed in the presence of:

“Yvonne B. Chisholm”

**Staff of the Ontario Securities Commission
Per:**

“Michael Watson”

Michael Watson
Director, Enforcement Branch