

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

- AND -

**IN THE MATTER OF
DJL CAPITAL CORP. AND DENNIS JOHN LITTLE**

SETTLEMENT AGREEMENT

I INTRODUCTION

1. By Notice of Hearing dated October 13, 1999 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in the opinion of the Commission, it is in the public interest for the Commission:
 - (a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by DJL Capital Corp. ("DJL Capital") and Dennis John Little ("Little") cease permanently or for such other period as specified by the Commission;
 - (b) to make an order pursuant to section 127(1) clause 3 of the Act that any exemptions contained in Ontario securities law do not apply to DJL Capital and Little;
 - (c) to make an order pursuant to section 127(1) clause 6 of the Act that DJL Capital and Little be reprimanded; and
 - (d) to make such other order as the Commission considers appropriate.
2. By Notice of Hearing dated January 11, 2000 (the "Second Notice of Hearing"), the Commission announced that it proposed to hold a hearing to consider whether, pursuant

to sections 127 and 127.1 of the Act, in the opinion of the Commission, it is in the public interest for the Commission:

- (a) to make an order that the respondents DJL Capital and Little cease trading in securities, permanently or for such time as the Commission may direct;
- (b) to make an order that the registration of the respondents be terminated, suspended or restricted for such period as directed by the Commission, and/or that terms and conditions be imposed as directed by the Commission;
- (c) to make an order that any exemptions contained in Ontario securities law do not apply to the respondents or any of them permanently, or for such period as specified by the Commission;
- (d) to make an order that Little resign his position as a director and/or officer of DJL Capital;
- (e) to make an order that Little is prohibited from becoming or acting as a director or officer of any issuer;
- (f) to make an order that the respondents be reprimanded;
- (g) to make an order that the respondents, or any of them, pay the costs of Staff's investigation in relation to the matters subject to this proceeding;
- (h) to make an order that the respondents, or any of them, pay the costs of this proceeding incurred by or on behalf of the Commission; and/or
- (i) to make such other order as the Commission may deem appropriate.

II JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission (“Staff”) agree to recommend settlement of the proceedings initiated in respect of the respondents by the Notice of Hearing and Second Notice of Hearing (collectively, the “Notices of Hearing”) in accordance with the terms and conditions set out below. The respondents agree to the settlement on the basis of the facts agreed to as hereinafter provided and the respondents consent to the making of an Order in the form attached as Schedule “A” on the basis of the facts set out below.
4. This settlement agreement, including the attached Schedule “A” (collectively, the “Settlement Agreement”), will be released to the public only if and when the settlement is approved by the Commission.

III SETTLEMENT OF FACTS AND CONCLUSIONS

Acknowledgement

5. Staff and the respondents agree with the facts and conclusions set out in Part III of the Settlement Agreement.

Introduction

6. DJL Capital is a corporation incorporated under the laws of Ontario on August 9, 1993 and carried on business in London, Ontario. DJL Capital was registered from July 7, 1995 to January 11, 2000 as a dealer in the category of limited market dealer, pursuant to section 26(1) of the Act (with the exception of the period from August 7, 1999 to October 6, 1999 for failure to pay renewal fees as required). During the material times as described below, DJL Capital was the promoter of the offering for sale of the units in Dual Capital Limited Partnership, and the promoter of the offering for sale of the units of DJL Capital.
7. Little is an individual residing in Ontario and at all material times was the sole director and officer of DJL Capital. Little was registered from July 7, 1995 to January 11, 2000 as the trading officer and director with DJL Capital, a limited market dealer pursuant to

section 26(1) of the Act (with the exception of the period from August 7, 1999 to October 6, 1999 as described above).

8. By Temporary Order (the “Temporary Order”) of the Ontario Securities Commission (the “Commission”) made on January 11, 2000, the Commission ordered that trading by DJL Capital and Little cease. The Temporary Order was extended, on the consent of DJL Capital and Little, by Order of the Commission made on January 21, 2000.

Trading by Little in Dual Capital Units Contrary to the Requirements of Ontario Securities Law

9. During the period from October, 1994 to December, 1996, Little traded in securities, namely units (the “Dual Capital Units”) of Dual Capital Limited Partnership (the “Limited Partnership”), where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus and obtaining receipts therefor from the Director as required by section 53(1) of the Act. Dual Capital Management Limited (“Dual Capital”) was the limited partner. During the material time, Dual Capital accepted subscriptions to the Dual Capital Units from at least 56 members of the public and raised funds in the amount of at least U.S. \$1,500,000.
10. The Dual Capital Units were purportedly offered for sale pursuant to the “seed capital” prospectus exemption set out in section 72(1)(p) of the Act. The requirements of the “seed capital” exemption from the prospectus requirements in Ontario securities law were not satisfied. An offering memorandum dated October 18, 1994, as amended on December 19, 1994 for the Limited Partnership (the “Offering Memorandum”), was provided to some of the investors who purchased the Dual Capital Units.
11. DJL Capital is described in the Offering Memorandum as the promoter, and received payments in the amount of approximately U.S. \$161,525.00 from Dual Capital in relation to the offering of the Dual Capital Units. DJL Capital made payments to Dual Capital in the amount of U.S. \$97,964.00.

12. On October 26, 2000, in a related prosecution under section 122 of the Act before the Honourable Mr. Justice Douglas, Dual Capital, and its two officers, Warren Wall and Shirley Joan Wall, entered pleas of guilty in relation to trading by Dual Capital in securities, namely, the Units, without being registered to trade in such securities as required by section 25(1) of the Ontario Securities Act and distributing securities without having filed a prospectus in contravention of section 53(1) of the Ontario Securities Act. Mr. Justice Douglas accepted the pleas, entered convictions and sentenced the two officers, Warren Wall and Shirley Joan Wall, to a total of 30 months and 22 months, respectively, and Dual Capital to a total fine of \$1,000,000.

13. In the course of delivering his Reasons for Sentence on October 30, 2000 [cited at (2001) 24 OSCB 763, February 2, 2001], Mr. Justice Douglas stated the following in relation to the description of the investment scheme in the Dual Capital Limited Partnership (also referred to as the “Roll Programme” and the “International Lending Programme”):

I find that the Roll Programme as conceived, was and remains utter nonsense. The programme, considered in and of itself, is a fraudulent means....

...I find that the Roll Programme was per se dishonest.

...Indeed, the evidence is conclusive and nearly complete that all of the investors were neither sophisticated (but naïve), nor rich (but poor) or, at least, dependent upon the little money they had.

14. The Offering Memorandum represented that DJL Capital would not receive any benefits, directly or indirectly from the issuance of the Limited Partnership Units other than as described therein. The Offering Memorandum further represented that DJL Capital would receive payment equal to 4.5% of the 30% rate of return described above. During the material time, DJL Capital received payments from Dual Capital in the amount of approximately U.S. \$161,525.00 when Little knew that the source of payments were funds received from investors and not income earned from any investment made by the Limited Partnership. As stated above, DJL Capital made payments to Dual Capital in the amount of U.S. \$97,964.00.

15. During the Material Time, Little sold Units to two investors. The investors paid approximately \$130,000 for the purchase of the Units through Little.

Representations in Promotional Material

16. Further, a brochure (the "Brochure") entitled "International Lending Programme - Investor Information" prepared by Little under the name of Dual Capital, was distributed to investors in furtherance of the sale of the Units, and made various representations to investors which were contrary to the public interest. Such representations to investors included the promise of high annual returns under the heading in the Brochure "High Annual Returns with Absolutely No Risk" which representations were false and misleading to investors and contrary to the public interest.

Conduct Contrary To The Public Interest in relation to Sale of Dual Capital Units

17. In summary, during the material time, Little violated Ontario securities law and engaged in conduct contrary to the public interest, by reason of the following:
 - (a) Little traded in securities without being registered contrary to section 25(1) of the Act;
 - (b) Little traded in securities which constituted a distribution without a prospectus contrary to section 53(1) of the Act;
 - (c) Little, in his capacity as the sole officer of DJL Capital, the promoter, prepared promotional material which contained false and misleading representations to investors as described above;
 - (d) Little failed to disclose to investors that investors' funds were used to fund payments to DJL Capital and/or Little, and trading in the Units, when Little knew or ought to have known of the foregoing in his capacity as an officer and director of DJL Capital; and

- (e) failing to assess the suitability of the Units sold by Little to the needs of the investors.
18. DJL Capital, through its officer and director, Little, sold Units and engaged in conduct to effect the sale of Units, contrary to the prospectus and registration requirements of Ontario securities law described above.

Trading in the DJL Capital Units Contrary to the Requirements of Ontario Securities Law

19. During the period from August, 1997 to September, 1998, DJL Capital and its sole officer, Little, accepted subscriptions to Units in DJL Capital (the "DJL Capital Units") from investors residing in Ontario, and raised funds in the amount of at least Cdn. \$950,000.
20. During the material times, DJL Capital and Little traded in securities, namely the DJL Capital Units, where such trading was a distribution of such securities, without having filed a preliminary prospectus and a prospectus and obtaining receipts therefor from the Director as required by section 53(1) of the Act.
21. The DJL Capital Units were purportedly offered for sale pursuant to the "seed capital" prospectus exemption set out in section 72(1)(p) of the Act.
22. The Offering Memorandum dated January 1, 1998 (the "DJL Offering Memorandum") prepared by DJL Capital in connection with the offering of the DJL Capital Units was not delivered to the Commission as required under Ontario securities law. Further, the DJL Offering Memorandum was not provided to each investor who purchased the DJL Capital Units.
23. During the material times, DJL Capital distributed securities for a period greater than six months contrary to the requirements of the exemption set out in section 72(1)(p)(i) of the Act.

24. In addition, the respondents failed to file a report under Form 20 contrary to the requirements contained in section 72(3) of the Act and additional requirements contained in the Act.
25. As set out in paragraph 6 above, during the material time, DJL Capital was registered in the category of limited market dealer and Little was registered as its trading officer. The Units were not sold in accordance with the exemptions from the prospectus and registration requirements contained in 72(1)(p) and 35(1)(21) of the Act and other requirements contained in the Act. Accordingly, DJL Capital and Little did not sell the Units in accordance with their registration under section 26(1) of the Act.

Misrepresentations to Investors Contrary to the Public Interest

Use of Proceeds

26. DJL Capital represented to investors in the DJL Offering Memorandum and in promotional material that DJL Capital was establishing itself as a merchant bank for the purpose of raising capital for dynamic, growing businesses. The summary of the DJL Offering Memorandum states, in part, the following with respect to "Use of Proceeds" from the sale of the Units:

The estimated net proceeds to the Corporation from a maximum offering hereunder will be \$612,000 after deducting the Agent's fee, corporate finance fee. Of this amount, approximately \$480,000 will be used to institute a \$30,000,000 bond offering (See "Bond Offering"). The writing and preparation of customized software for the business is expected to require \$40,000. A further \$20,000 will be used as capital to establish the appropriate office facilities and systems. The remaining \$72,000 will be added to the working capital.

27. During the material time, DJL Capital and Little failed to disclose to investors that most

of the funds accepted from investors for the purchase of DJL Capital Units were not used for the purposes set out in the DJL Offering Memorandum and further failed to disclose that most of the investors' funds were used instead for payments to various companies and persons, including payments to Little in the amount of at least approximately Cdn. \$58,000.00. In addition, investor funds of at least Cdn. \$654,000 were deposited to an account held in the name of Heritage Arabian Farms Ltd. ("Heritage"), a company incorporated under the laws of Ontario, carrying on the business of providing board and care for horses. Little was during the material time the sole officer and director of Heritage.

Price of Units Offered by DJL Capital

28. The DJL Offering Memorandum states that the offering is comprised of a maximum of 25 unequal DJL Capital Units, and that each DJL Capital Unit consists of a minimum of 2,000 Class A preferred shares to a maximum of 15,000 Class A preferred shares per DJL Capital Unit. However, the accompanying subscription form for the sale of the DJL Capital Units states that each DJL Capital Unit consists of 100 Class A Preferred shares. The subscription form further states that the subscription price of each DJL Capital Unit is \$1,000.00 (or 100 Class A Preferred shares at a price of \$10.00 per preferred share).
29. DJL Capital and/or Little further represented in the DJL Offering Memorandum that the subscription price per DJL Capital Unit was established by DJL Capital and "Michael Carnegie, C.A., C.B.V., Senior Vice-President, TL Corporate Financial Services Inc., of Hamilton, Ontario". Michael Carnegie and/or TL Corporate Financial Services Inc. had no role in establishing the subscription price per DJL Capital Unit contrary to the representations made to investors as set out in the DJL Offering Memorandum.

Additional Representations made by DJL Capital and Little

30. DJL Capital and Little made the following representations which were false and misleading to investors and contrary to the public interest:

- (a) DJL Capital and Little represented in promotional material that "... capital will be guaranteed by money on deposit held by the corporation", and that " at all times there will be at least five dollars on reserve for each dollar of obligation to investors";
 - (b) DJL Capital and Little represented in the DJL Offering Memorandum that DJL Capital intended to pay a 12% annual dividend on its preferred shares and that the return would commence March 31, 1998 once funding was completed and that dividends would thereafter be paid quarterly; and
 - (c) DJL Capital and Little represented in the DJL Offering Memorandum that DJL Capital "... anticipates profits of \$15,000,000.00 by the year 2002" and that this "... anticipated growth of approximately 750% over five years should allow all shareholders to experience a significant gain". It is further stated in the DJL Offering Memorandum that DJL Capital "... anticipates an annualized rate of return of approximately 100%".
31. Investors have not received dividends contrary to the representations made by DJL Capital and Little outlined above. Further, investors have requested repayment of funds invested in respect of the DJL Capital Units offered by DJL Capital and Little or requested that DJL Capital repurchase the Units for the price paid by investors. DJL Capital and Little have not repaid funds or repurchased shares from investors.

Other Matters

32. Little represents to Staff that he has limited assets or funds on hand, as more particularly described in the Statutory Declaration filed herein and marked as Schedule "C" to this Settlement Agreement. Little further represents to Staff that he requires such limited assets and funds for the purpose of paying household and living expenses. Little represents to Staff that the income earned by him in 2000, 2001 and 2002, as set out in

Schedule C-7 of the Statutory Declaration, relates to work he did as a consultant. Little further represents that no funds or income received in 2000, 2001 and 2002, as set out in Schedule C-7, were from the sale of securities or related to trading in securities.

Conduct Contrary to the Public Interest

33. DJL Capital acted contrary to the public interest by:

- (a) trading in securities which constituted a distribution without a prospectus contrary to section 53(1) of the Act;
- (b) trading in securities contrary to its registration under section 26(1) of the Act; and
- (c) making representations to investors in the Offering Memorandum and promotional material, as described above, which representations were false and misleading to investors and contrary to the public interest.

34. Little acted contrary to the public interest by:

- (a) trading in securities which constituted a distribution without a prospectus contrary to section 53(1) of the Act;
- (b) trading in securities contrary to his registration under section 26(1) of the Act; and
- (c) authorizing, permitting or acquiescing in the representations made by DJL Capital, and making such representations, to investors in the DJL Offering Memorandum and promotional material, as described above, which representations were false and misleading to investors and contrary to the public interest.

IV TERMS OF SETTLEMENT

35. The respondents, DJL Capital and Little, agree to the following terms of settlement:

- (a) pursuant to clause 2 of subsection 127(1) of the Act, DJL Capital will cease trading securities (which term includes, for the purpose of this settlement, a purchase of a security) permanently effective the date of the Order of the Commission approving the proposed settlement agreement herein;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, Little will cease trading securities (which term includes, for the purpose of this settlement, a purchase of a security) permanently effective the date of the Order of the Commission approving the proposed settlement agreement herein, with the sole exception that after five years from the date of the Order approving this settlement, Little is permitted to trade securities through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);
- (c) Little undertakes never to apply for registration in any capacity under Ontario securities law, and agrees to execute the undertaking to the Commission in the form attached as Schedule “B” to this settlement agreement;
- (d) pursuant to clause 7 of subsection 127(1) of the Act, Little shall resign his position as an officer or director of any issuer which has an interest directly or indirectly in any registrant effective the date of the Order of the Commission approving this settlement. Little shall resign his position as an officer or director of any issuer in which Little holds the position of an officer or director effective 180 days after the date of the Order of the Commission approving this settlement. Little acknowledges that the effective date of resignation by him as an officer or director of an issuer, as provided for in this settlement, is for the sole purpose of permitting Little to wind up the following companies in which he holds the position as sole officer or director:

- DJL Capital Corp.

- Heritage Arabian Farms Ltd.
 - Heritage Egyptian Arabian Management 1 Inc.
 - Heritage Egyptian Arabian Bloodstock Investments XII Inc.
 - Heritage Egyptian Arabian Bloodstock Investments XI Inc.
 - Heritage Egyptian Arabian Bloodstock Investments X Inc.
 - Heritage Egyptian Arabian Bloodstock Investments IX Inc.
 - Heritage Egyptian Arabian Bloodstock Investments VII Inc.
 - Heritage Egyptian Arabian Bloodstock Investments VI Inc.
 - Heritage Egyptian Arabian Bloodstock Investments III Inc.
 - Heritage Egyptian Arabian Bloodstock Investments II Inc.
 - Heritage Egyptian Arabian Bloodstock Investments I Inc.
 - Diversified Corporate Benefits Limited
 - 1510259 Ontario Limited
- (e) pursuant to clause 8 of subsection 127(1) of the Act, Little is prohibited permanently from becoming or acting as an officer or director of any issuer which has an interest directly or indirectly in any registrant and from becoming an officer or director of any issuer effective the date of the Order of the Commission approving this settlement. Little is prohibited permanently from acting as an officer or director of any issuer effective 180 days after the date of the Order of the Commission approving this settlement;
- (f) Little agrees to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act; and
- (g) Little will attend, in person, at the hearing before the Commission to consider the proposed settlement.

V POSITION OF RESPONDENT

36. The respondent Little represents to Staff that the companies referred to in paragraph 35(d) are not active and do not have any assets. In response to Staff's requests for tax returns filed by Little and DJL Capital for the past three years, Little represented to Staff

that such tax returns have not yet been prepared or filed. Little represents to Staff that he has limited assets or funds on hand as more particularly described in the Statutory Declaration filed herein and marked as Schedule "C" to this Settlement Agreement. Little further represents to Staff that he requires such limited funds and assets for the purpose of paying household and living expenses.

VI STAFF COMMITMENT

37. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of the respondents in relation to the facts set out in Part III of this Settlement Agreement.

VII PROCEDURE FOR APPROVAL OF SETTLEMENT

38. The approval of the settlement as set out in the Settlement Agreement shall be sought at a public hearing before the Commission in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and the respondents.
39. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondents in this matter and the respondents agree to waive any right to a full hearing, judicial review or appeal of this matter under the Act.
40. If this Settlement Agreement is approved by the Commission, the parties to this Settlement Agreement will not make any statement that is inconsistent with this Settlement Agreement.
41. If, for any reason whatsoever, this settlement is not approved by the Commission, or the Order set forth in Schedule "A" is not made by the Commission:

- (a) each of Staff and the respondents will be entitled to proceed to a hearing of the allegations in the Notices of Hearing and related Statement of Allegations unaffected by the Settlement Agreement or the settlement negotiations;
 - (b) the terms of the Settlement Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the respondent or as may be otherwise required by law; and
 - (c) the respondents 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 Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
42. If, prior to the approval of this Settlement Agreement by the Commission, there are new facts or issues of substantial concern, in the view of Staff, regarding the facts set out in Part III of this Settlement Agreement, Staff will be at liberty to withdraw from this Settlement Agreement. Notice of such intention will be provided to the respondents in writing. In the event of such notice being given, the provisions of paragraph 41 in this part will apply as if this Settlement Agreement had not been approved in accordance with the procedures set out herein.

VIII DISCLOSURE OF SETTLEMENT AGREEMENT

43. Staff or the respondents may refer to any part or all of this Settlement Agreement in the course of the hearing convened to consider this agreement. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to the Settlement Agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.
44. Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement by the Commission.

IX EXECUTION OF SETTLEMENT AGREEMENT

45. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

DATED this 11th day of March, 2003.

Signed in the presence of:

Signed in the presence of:

DJL Capital Corp.

Per:
Authorized Signing Officer

Dennis John Little

**Staff of the Ontario Securities
Commission**

Per:
“Michael Hubley”
Michael Hubley
**Acting Director, Enforcement
Branch**

SCHEDULE "A"

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

- AND -

**IN THE MATTER OF
DJL CAPITAL CORP. AND DENNIS JOHN LITTLE**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on October 13, 1999 and January 11, 2000 the Ontario Securities Commission (the "Commission") issued Notices of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of DJL Capital Corp. ("DJL Capital") and Dennis John Little ("Little");

AND WHEREAS the respondents DJL Capital and Little entered into a settlement agreement dated March 11, 2003 (the "Settlement Agreement") wherein they agreed to a proposed settlement of the proceedings commenced by the Notices of Hearing, subject to the approval of the Commission, and wherein Little provided to the Commission a written undertaking never to apply for registration in any capacity under Ontario securities law;

AND UPON reviewing the Settlement Agreement and the Statements of Allegations of Staff of the Commission, and upon hearing submissions from the respondent and from Staff of the Commission;

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

IT IS ORDERED THAT:

- (1) the Settlement Agreement dated March 11, 2003, attached to this Order, is hereby approved;
- (2) pursuant to clause 2 of subsection 127(1) of the Act, DJL Capital and Little will cease trading securities permanently effective the date of this Order, with the exception that, after five years from the date of the approval of this settlement, Little is permitted to trade securities through a registered dealer for the account of his registered retirement savings plan (as defined in the *Income Tax Act (Canada)*);
- (3) pursuant to clause 7 of subsection 127(1) of the Act, Little shall resign his position as an officer or director of any issuer which has an interest directly or indirectly in any registrant effective the date of this Order. Little shall resign his position as an officer or director of any issuer in which Little holds the position of an officer or director effective 180 days from the date of this Order. The 180 day period is to permit Little to wind up the following companies in which he holds the position as sole officer or director:
 - DJL Capital Corp.
 - Heritage Arabian Farms Ltd.
 - Heritage Egyptian Arabian Management 1 Inc.
 - Heritage Egyptian Arabian Bloodstock Investments XII Inc.
 - Heritage Egyptian Arabian Bloodstock Investments XI Inc.
 - Heritage Egyptian Arabian Bloodstock Investments X Inc.
 - Heritage Egyptian Arabian Bloodstock Investments IX Inc.
 - Heritage Egyptian Arabian Bloodstock Investments VII Inc.
 - Heritage Egyptian Arabian Bloodstock Investments VI Inc.
 - Heritage Egyptian Arabian Bloodstock Investments III Inc.
 - Heritage Egyptian Arabian Bloodstock Investments II Inc.
 - Heritage Egyptian Arabian Bloodstock Investments I Inc.

- Diversified Corporate Benefits Limited
- 1510259 Ontario Limited

(4) pursuant to clause 8 of subsection 127(1) of the Act, Little is prohibited permanently from becoming or acting as an officer or director of any issuer which has an interest directly or indirectly in any registrant and from becoming an officer or director of any issuer effective the date of this Order. Little is prohibited permanently from acting as an officer or director of any issuer effective 180 days after the date of the Order of the Commission approving this settlement; and

(5) pursuant to clause 6 of subsection 127(1) of the Act, Little is reprimanded.

DATED at Toronto this day of March, 2003

SCHEDULE "B"

**IN THE MATTER OF
DJL CAPITAL CORP. AND DENNIS JOHN LITTLE**

**UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION**

I, Dennis John Little, am a Respondent to a Notice of Hearing dated October 13, 1999 and a Respondent to a Notice of Hearing dated January 11, 2000 each issued by the Ontario Securities Commission. I undertake to the Ontario Securities Commission that I will never apply for registration in any capacity under Ontario securities law. I have agreed to this term of the settlement between Staff of the Commission and me dated February , 2003.

Witness:

Dennis John Little

Date: February 26, 2003

Date: February 26, 2003

Acknowledgement as Received by,

John Stevenson
the Secretary to the
Ontario Securities Commission

Date: March 20, 2003

SCHEDULE “C”

**STATUTORY DECLARATION OF DENNIS JOHN LITTLE
TOWN OF GRANTON
PROVINCE OF ONTARIO**

**I, Dennis John Little, of the Town
of Granton, in the Province of
Ontario, do solemnly declare that:**

1. I am a Respondent to a Notice of Hearing dated October 13, 1999 and a Respondent to a Notice of Hearing dated January 11, 2000 each issued by the Ontario Securities Commission (collectively, the “Notices of Hearing”).
2. I have entered into a settlement agreement with Staff of the Ontario Securities Commission in settlement of the proceedings initiated by the Notices of Hearing, which settlement will be submitted to the Commission for its approval, as described in the settlement agreement.
3. For the purpose of this declaration, “property” includes money, bonds, investments, goods, things in action, land and every description of property, whether real or personal, moveable or immovable, legal or equitable, and whether situated in Ontario or elsewhere, and includes obligations, easements and every description of estate, interest and profit, present or future, vested or contingent, in, arising out of, or incidental to such property (“Property”).
4. Annexed hereto as Schedule “1” to this Statutory Declaration is a true and correct statement of each bank account (savings, chequing or otherwise) with any bank, trust company, loan association or similar financial institution engaged in the business of maintaining bank accounts which I own or maintain, or over which I have the power, right or authority to issue cheques or withdraw funds.
5. Annexed hereto as Schedule “2” to this Statutory Declaration is a true and correct statement of all automotive vehicles which I own.
6. Annexed hereto as Schedule “3” to this Statutory Declaration is a true and correct statement of any and all real estate which I own or in which I have any legal or equitable interest (directly or as beneficiary).
7. Annexed hereto as Schedule “4” to this Statutory Declaration is a true and correct statement

of any and all safety deposit boxes rented to me or to which I have access privileges, including the locations thereof.

8. Annexed hereto as Schedule “5” to this Statutory Declaration is a true and correct statement of all of my direct and indirect liabilities and indebtedness and creditors with respect thereto. I am indebted to such creditors in the amounts set out opposite their respective names.

9. Annexed hereto as Schedule “6” to this Statutory Declaration is a true and correct statement of all general household items and vehicles in which I have an interest, whether legal, beneficial, direct, indirect or otherwise, aside from Property otherwise disclosed herein.

10. Annexed hereto as Schedule “7” to this Statutory Declaration is a true and correct statement of all income, dividends, money, compensation, bonuses, salary and similar benefits and entitlements received by me (the “Income”) in the past three years and the names of the persons, corporations or otherwise which pay me the Income.

11. Annexed hereto as Schedule “8” to this Statutory Declaration is a true and correct statement of any registered or unregistered pension fund, mutual funds, retirement fund or annuity, retirement savings plan or other savings plan, owned by me or in which I have any interest.

12. I do not, as of the date of execution of this Statutory Declaration, have any interest, direct or indirect, beneficial, legal or otherwise, in any agreement, which, upon completion, would result in my becoming a legal or beneficial owner, whether directly or indirectly, of any Property.

13. Collectively, Schedules “1” to “8”, inclusive, set out my personal net worth as at the date of execution of this Statutory Declaration.

AND I MAKE this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the *Ontario Evidence Act*.

DECLARED BEFORE ME)	
at the City of London,)	
in the Province of Ontario)	
this 11 th day of)	_____
February, 2003)	“Dennis John Little”

A Commissioner, etc.

Schedule 1

List of Bank Accounts for Dennis John Little.

Royal Bank	Account # 042625019914	-410
Royal Bank	Account # 042624500724	5
CIBC	Account # 60 53130	40

Schedule 2

Automobiles owned by Dennis John Little

1989 Oldsmobile 98.

Schedule 3

No real estate is owned by Dennis John Little

Schedule 4

No safety deposit boxes rented by or for Dennis John Little

Schedule 5

List of Liabilities of Dennis John Little

Mastercard	8,000.00
Amex	12,000.00
CTC	6,500.00
Mastercard	8,500.00
Chrysler Credit	7,800.00
Stc Mgt.	13,000.00
Personal Loans	82,000.00
CCRA	7,000.00
Misc. Bills	5,000.00
ESP L.P.	137,250.00
Trafalgar L.P.	140,000.00
Select Tech LP	70,000.00

Schedule 6

List of General Household Item Include

Home Furnishings

Office Furnishings

Schedule 7

List of Income for Dennis John Little for the years 2000, 2001, 2002

Income for 2000: Laser Show Systems	37,675.00
Heritage Arabian Farms	9,900.00
PelLab Limited	18,900.00
DJL CapitalCorp.	16,927.00
Esperal Mgt.	3,026.00
Misc. Income	366.00
	86,794.00
Income for 2001: PelLab Limited	20,638.00
Lumiere International	11,930.00
Esperal Management	4,909.00
Arcadia Resources	10,553.00
RRSP Redemption	5,232.00
Miscellaneous Income	1,707.00
	54,969.00
Income for 2002: Stillwater Consulting	2,000.00
Lumiere International	40,000.00
Esperal Management	1,262.00
	43,262.00

Schedule 8

The registered and unregistered saving plans and investments owned by Dennis John Little

RRSP	30.00
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