

November 7, 2013

British Columbia Securities Commission
PO Box 10142 (Pacific Centre)
701 West Georgia Street
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V7Y 1L2

ATTENTION:

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RE: SETTLEMENT PROPOSAL

“Without Prejudice”

I write today to inform the **British Columbia Securities Commission** (“BCSC”) both my intent to put forward a Settlement Proposal and the basis on which I believe we are able to have a favorable result for all parties involved – including but not limited to enabling all former investors in both the **Falls Capital Corp.** (“FCC”) and **Deercrest Construction Fund Inc.** (“DCF”) to receive monies back towards their original investment. This scenario has been carefully thought out, negotiated with relevant parties, and complies with the conditions of your *Cease Trade Order*, issued on June 14, 2013.

Deercrest Townhome Project

In April 2013, I was successful in arranging financing and purchased the Deercrest Townhome project after a successful foreclosure action by the main lender, Primex Investments Ltd. Once they secured ownership of the property, they turned around and sold the property to my company 0966841 BC Ltd. (which was formed April 5, 2013). The plan was to add the former investors on as shareholders (Non-Voting) and to let them participate in the profits received from the sale of the real estate. It was anticipated they would receive upwards of 75-80% of the shares and I had sent correspondence to them reflecting this plan. On June 14, 2013, the BCSC issued a Cease Trade Order and froze my assets, including the bank account associated with this project. For the following months I tried diligently to find a way to protect the investor’s stake and came very close to losing the entire project.

Finally, in October 2013, I reached an agreement with both the lender (Primex Investments) and a highly respected builder/management firm (Kerkhoff Construction) that would see them join forces to develop out the property. Most importantly, they have allowed the investors of both **FCC** and **DCF** to be involved in the project with a total share allotment of 25% of the overall company. I will have no part in the day to day running of the company and have fully resigned as both the Director and Officer of the company. Willem Kerkhoff, and his son Leonard, of Chilliwack, British Columbia, are now acting as the companies Directors and Officers. I will have no shares in the company as it moves forward and feel very fortunate to have found individuals and companies that would allow my former investors to participate in the project with the opportunity of a return of investment capital.

The share structure of 0966841 BC Ltd. would be Kerkhoff Development Ltd. (35%), Primex Investments Ltd. and/or Nominee (40%), and the *Former Investors in FCC and DCF* (25%).

There is no obligation by the new shareholders and directors to take the former investors into account, however, due to my personal involvement to arrange the deal between the lenders and the builder/developer, I have been able to develop a scenario which may result in a return of investment capital for the former investors. Kerkhoff Construction has been in business for 45 years and has a proven track record with respect to project management and construction – I am confident they will perform admirably.

Settlement Proposal

I would like the **British Columbia Securities Commission** (“BCSC”) to consider the following with respect a Settlement Proposal:

- **Penalty/Restrictions** – once a forensic accounting is completed, I would be willing to accept punishment of being prohibited from acting in a management or consultative capacity in connection with activities in the securities market for a total of 10 (ten) years due to misrepresentations in the Offering Memorandums for both the *Falls Capital Corp.* and *Deercrest Construction Fund Inc.*;
- **Restitution/Disgorgement** – Restitution and/or disgorgement to be determined at a later date after full and accurate forensic accounting is completed. Simply, a proper restitution and disgorgement amount due to the BCSC cannot be deemed accurate by either party until a forensic accounting has been completed and the plan brought forward has had a chance to come to fruition;
- **Public Relations Ban** – As it relates only to the plan currently being put forward, I would like the ability to inform my former investors of this plan and the Public Relations Ban to be partially removed with the understanding I am not to attempt to raise capital from any of them (nor the general public) and to have no contact other than to communicate the plan moving forward and updated information at later dates with respect to only the Deercrest project. It would be very important to have communication with the investors regarding this great news as most of them now feel their investment is lost. The new Director and shareholders in the company are not willing to take on this role for various reasons. I briefly looked at trying to get a trustee on board but this is not cost effective as it relates to communication to and from approximately 240 investors. Again, I would like to maintain the ability to communicate with the investor group only as it relates directly to the project and advancements being made. If the Commission elects, all investor correspondence released by myself could be first sent to Commission council for accuracy and approval.
- **Asset Freeze** – The new Directors of the 0966841 BC Ltd. would require the funds currently frozen to be released, as I am no longer a Director, Officer, or Shareholder of this company. The origin of these funds were direct loans from [REDACTED] and [REDACTED] and at no time were obtained as an investment in any of my companies. Funds are needed to begin the marketing and sales campaign beginning this month that would hopefully see units sold and finished by April 2014.

Additional

In your considering the above, I would also like to submit:

- I have fully cooperated with the Commission from the onset of the investigation including providing all information requested from investigators in a timely fashion, and have initiated meetings at the Commission in an attempt to move the process forward. On a go forward, I will fully cooperate with the Commission;
- I have never had a matter before the BCSC (or any jurisdiction) in the past, and have never been convicted of a criminal offense;
- In accordance with the Commissions mandate posted on their website, I have provided to the BCSC a plan which will see the investors participate in a valid real estate project in an attempt for them to receive some of their investment capital back;
- This Settlement Proposal would avoid the cost of a lengthy hearing by both parties;

In conclusion, I believe my proposal makes it possible for investors to have something positive happen as opposed to a scenario whereby they lose their investment completely. I firmly believe the implementation of this plan is what every one of my former investors would choose and this more than anything should be considered by the BCSC.

I look forward to your response in a timely fashion.

Respectfully,

A handwritten signature in black ink, appearing to read 'Rod Wharram', with a stylized, cursive script.

Rod Wharram