

IN THE MATTER OF THE REAL ESTATE DEVELOPMENT MARKETING ACT
SBC 2004, Chapter 241

-AND-

INTERNATIONAL HI-TECH INDUSTRIES, INC.

and

IHI DEVELOPMENT II LTD.

and

ROGER ABOU-RACHED aka ROGER A. RACHED

ORDER UNDER SECTIONS 30(1)(a), 30(1)(b) and 32(1)
REAL ESTATE DEVELOPMENT MARKETING ACT

Upon reviewing the submissions and the supporting documents submitted by staff, I am of the opinion that:

1. The *Real Estate Development Marketing Act* ("the *Act*") requires a developer who markets or intends to market a development to file with the Superintendent of Real Estate ("the Superintendent") a disclosure statement in the required form and with the required contents before the developer commences marketing the development. The disclosure statement must, without misrepresentation, plainly disclose all material facts. The developer must not enter into a purchase agreement with a purchaser unless a copy of the disclosure statement has been provided to the purchaser. If a developer becomes aware that a disclosure statement contains a misrepresentation, the developer must immediately file with the Superintendent a new disclosure statement or an amendment that clearly identifies and corrects the misrepresentation.
2. The applicable sections of the *Act* are reproduced below:

Definitions

1 In this Act:

"developer" means a person who, directly or indirectly, owns, leases or has a right to acquire or dispose of development property;

"development property" means any of the following:

...

(c) 5 or more strata lots in a stratified building;

...

"development unit" means any of the following in a development property:

...

(c) a strata lot;

...

"market" means

(a) to sell or lease,

(b) to offer to sell or lease, and

(c) to engage in any transaction or other activity that will or is likely to lead to a sale or lease;

Marketing of development property

3 (1) A developer who markets or intends to market a development unit must

...

(c) file and provide a disclosure statement in accordance with Division 4 [Disclosure Statements].

Filing disclosure statements

14 (1) A developer must not market a development unit unless the developer has

(a) prepared a disclosure statement respecting the development property in which the development unit is located, and

(b) filed with the superintendent

(i) the disclosure statement described under paragraph (a), and

(ii) any records required by the superintendent under subsection (3).

(2) A disclosure statement must

(a) be in the form and include the content required by the superintendent,

(b) without misrepresentation, plainly disclose all material facts,

(c) set out the substance of a purchaser's rights to rescission as provided under section 21 [rights of rescission], and

(d) be signed as required by the regulations.

Providing disclosure statements to purchasers

15 (1) A developer must not enter into a purchase agreement with a purchaser for the sale or lease of a development unit unless

(a) a copy of the disclosure statement prepared in respect of the development property in which the development unit is located has been provided to the purchaser,

(b) the purchaser has been afforded reasonable opportunity to read the disclosure statement, and

(c) the developer has obtained a written statement from the purchaser acknowledging that the purchaser had an opportunity to read the disclosure statement.

(2) A developer must

(a) retain a written statement obtained under subsection (1)(c) for a period of 3 years or a longer period prescribed by regulation, and

(b) produce the written statement for inspection by the superintendent on the superintendent's request.

3. On July 30, 2007, this office received a complaint from ██████████ President of ██████████ B.C. Ltd. This complaint alleged that International Hi-Tech Industries Inc. ("IHI Inc") and IHI Development II Ltd. ("IHI") were developing a project known as Optima Phase I ("Optima").
4. ██████████ understands that ██████████ company purchased two of the units in the Optima development which was to be built at the intersection of 105 Avenue and 134 Street in Surrey, British Columbia. ██████████ had purchased units ██████████ and ██████████ in ██████████ of 2005.

5. No Disclosure Statement has been filed with the office of the Superintendent for this development, and no building has commenced at the location.
6. ██████ and her bookkeeper, ██████ ("██████") advised a FICOM investigator that:
 - (a) ██████, through another client, ██████ ("██████") learned of this development and recommended it to ██████.
 - (b) On this recommendation ██████ purchased the two units and caused the bank draft of \$60,780 to be issued.
 - (c) ██████ common-law spouse's mother, ██████, ("██████") was working for IHI at the time, and it was through her that ██████ learned of the pending construction of three towers at the location in question. Based on this information ██████ had himself purchased a number of units as well as recommending it to ██████.
 - (d) ██████ had received a promotional brochure which she provided to the investigator. Roger A. Rached's name is on the back cover of the brochure as President and CEO of the "IHI Group of Companies".
 - (e) On February 26, 2007, ██████ sent a demand letter to IHI for return of her funds however had not received them as of yet.
7. ██████ subsequently provided a certified true copy of her bank draft. The notation on the back of this draft clearly indicates that it was for "presale deposit (10) for units ██████ and ██████, Phase I Optima Development, Surrey, British Columbia".
8. The City of Surrey building department was contacted by an investigator on August 1, 2007, and they confirmed that no building permits had been issued for the Optima project as no services were in nor had the City received a \$1,300,000 letter of credit to the cover servicing costs for the site.
9. IHI operates from 1096 West 10 Avenue, Vancouver, British Columbia. A search of the Ministry of Finance, Corporate and Personal Property Registries indicates that IHI has one director, Roger A Rached, ("Roger") who also holds the position of President and Secretary. Roger is listed in some TSX and SEC filings as Roger A. Rached, and Roger Abou-Rached. Roger's name is Roger Abou-Rached.
10. On August 1, 2007, a FICOM investigator met with ██████. At that time ██████ denied the monies received from ██████ were for presales but was rather an investment in IHI Inc, as were funds he himself had with IHI Inc.
11. On August 1, 2007 a FICOM investigator met with ██████ at 1096 West 10 Avenue, Vancouver, British Columbia. At that time ██████ stated that:

- He was a director of IHI Inc.
 - There were no presales, and all funds received were investments into IHI Inc.
 - The appropriate filings had been filed with the British Columbia Securities Commission.
 - He was unable to provide at that time a list of investors, nor how much money had been raised through investment.
 - The project was currently on hold while they attempted to raise the funds to satisfy a letter of credit required by the Municipality of Surrey for site servicing.
 - The buildings were to be prefabricated condominium towers built at a plant at 7393 Hopcott Road, Delta, British Columbia owned by IHI Inc.
 - There was no relationship between IHI Inc. and the Optima project, claiming there was a “Chinese wall” between them.
 - IHI was currently attempting to mortgage the property at 105 Avenue and 134 Street in Surrey, British Columbia to repay all investors.
12. A search of the Corporations Canada Registry indicates that IHI Inc. has the following seven directors and one officer.
- Lawry Trevor Deutsch
 - Thomas Po
 - Owen A. Anderson
 - Evelyn Schmeler
 - Omar Take
 - Ferdinand Rauer
 - Rene Abi-Rached
 - Roger Rached, President
13. [REDACTED] produced a copy of a promissory note issued to a [REDACTED] ([REDACTED]) in the amount of \$100,000. This note purported to pay 5% per annum. [REDACTED] refused to provide a copy of the note to the investigator.

14. As well [REDACTED] produced three cheques which were dated August 8, 2006, December 22, 2006, and July 1, 2007, all in the amount of \$2,500, which were purported to be the interest being paid to [REDACTED].
15. [REDACTED] also agreed to provide a list of Promissory Notes currently outstanding.
16. Subsequently such a list was faxed to the Office of the Superintendent, which showed that \$675,000 had been raised through investors. Included in that list was [REDACTED] \$100,000, and three investments for [REDACTED] in the amount of \$100,000, \$25,000, and \$25,000 respectively.
17. With respect to real estate sales representatives, [REDACTED] stated they were simply gathering a reserve list and were not doing any presales.
18. When the investigator brought the notation on the back of [REDACTED] cheque to [REDACTED] attention, his response was, "people can write anything they want on the back of a cheque". [REDACTED] stated that reservations were only verbal, and they could not be related to their investment into IHI as no prices had been set, there were no contracts, and nothing had been signed.
19. Parcher then spoke to [REDACTED] and [REDACTED] who were listed as the marketing agents on the brochure. They stated they were not marketing this project and had not been involved in any presales.
20. On August 1, 2007, a FICOM investigator attended at the address of 7393 Hopcott Road in Delta, British Columbia, where he located the site [REDACTED] had referred to. At that time Viswanathan obtained a number of photographs of the site. There was no sign of work being conducted at this site.
21. On August 1, 2007 the investigator also obtained photographs of the marketing sign that was erected at 134th and West Whalley Ring Road, Surrey, British Columbia. While these signs report that "Optima is Coming Soon" it has a very small note on the bottom stating "This is not an offering for sale".
22. On August 2, 2007, a FICOM investigator received a telephone call from [REDACTED] who stated he had spoken with [REDACTED] on the night of August 1, 2007. At that time [REDACTED] told [REDACTED] that the original purchase of units had been switched to investments approximately a year ago, and that he had failed to disclose this to [REDACTED] and/or [REDACTED].
23. On August 3, 2007, the Ficom investigator again met with [REDACTED] at his residence at approximately 10:30 A.M. At this time [REDACTED] stated that:
 - There were no presales, but rather the deposits were for "reserved units".
 - All of his units plus those of [REDACTED] were under "[REDACTED]". He personally had reserved units on the northwest and northeast corners of the building, units # [REDACTED], # [REDACTED], and # [REDACTED] or possibly # [REDACTED].

- He had reserved [REDACTED] and [REDACTED] for [REDACTED]
 - The reservation price was \$300,000 a unit with 10% down.
 - The funds provided for reserving units had been switched to loans and there had been Promissory Notes issued for those loans.
 - He was aware the project was in trouble, and that Roger was attempting to obtain mortgage funding for the property to pay out all investors.
24. On August 16, 2007, a FICOM investigator contacted [REDACTED] on a pretext basis to attempt to see if she and [REDACTED] were marketing the Optima project. [REDACTED] advised [REDACTED] that the marketing was not available, but he could go on the website and sign up to be on a list to be notified when the disclosure statement had been filed and marketing commenced.
25. The investor list provided by [REDACTED] identifies three investments from [REDACTED] [REDACTED]. These were for \$100,000 from cheques four and 4974, \$25,000 from cheque five and \$25,000 from cheque six. [REDACTED] cheque provided to the FICOM investigator was number 4974.
26. Another investor was identified as [REDACTED] who invested \$200,000.
27. On August 30, 2007, two FICOM investigators met [REDACTED]. [REDACTED] stated she loaned IHI Inc. the \$200,000, and when the project was built she had the option of either getting her money back with interest or development units.
28. [REDACTED] stated the \$200,000 secured specific units for her. She then produced an Optima price list which identified four specific units, # [REDACTED], # [REDACTED], # [REDACTED] and # [REDACTED] located in the 134th Street property as being reserved for her.
29. The development is promoted on the www.optimaliving.ca website as recently as September 12, 2007. IHI Inc. is listed on the website as the developer on one page while IHI is listed as the developer on another page. The contact page states "Sales Centre Opening Soon".
30. On August 30, 2007, a FICOM investigator again spoke to [REDACTED] who stated that Roger claimed to be continuing his efforts to mortgage the property to payout all investors, however the date for this to occur constantly changed.
31. A hearing of this matter would involve approximately ten witnesses and would likely not be able to take place for another three or four months. The development has a website which represents that a sales centre will open soon.

AND WHEREAS I am satisfied that:

1. IHI Inc., IHI, and Roger Abou-Rached aka Roger A. Rached, as a director and president of these companies, have marketed development units in the Optima project.
2. IHI Inc., IHI, and Roger Abou-Rached aka Roger A. Rached failed to file a disclosure statement with the Office of the Superintendent prior to the marketing of development units.

I AM THEREFORE OF THE OPINION that International Hi-Tech Industries Inc., IHI Development II Ltd., and Roger Abou-Rached aka Roger A. Rached have been non-compliant with the *Act*.

I AM FURTHER OF THE OPINION that the length of time that would be required to complete an investigation or hold a hearing, or both, would be detrimental to the public interest. It is in the public interest to make a summary refrain from marketing order under section 32 of the *Act* so that the public is protected against further non-compliance with the *Act*.

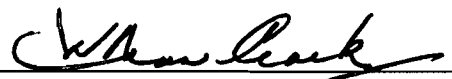
I CONSIDER IT in the public interest to make the following Orders pursuant to sections 30(1)(a), 30(1)(b) and 32(1) of the *Act*.

I THEREFORE MAKE the following Orders:

1. That International Hi-Tech Industries Inc., IHI Development II Ltd., and Roger Abou-Rached aka Roger A. Rached shall refrain from marketing any and all development units in the development property named Optima Phase I located at the intersection of 105 Avenue and 134 Street in Surrey, British Columbia prior to the filing of a disclosure statement in accordance with the *Act*.

TAKE NOTICE that International Hi-Tech Industries Inc., IHI Development II Ltd., and Roger Abou-Rached aka Roger A. Rached may, pursuant to section 37(1)(f) of the *Act*, appeal the Orders pertaining to each to the Financial Services Tribunal, or require a hearing before the Superintendent pursuant to section 32(4) of the *Act*.

Dated at the City of Surrey,
Province of British Columbia
This 14th day of September, 2007.


W. Alan Clark
Superintendent of Real Estate
Province of British Columbia

TO: International Hi-Tech Industries, Inc.
1096 West 10th Avenue
Vancouver, British Columbia

IHI Development II Ltd.
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Vancouver, British Columbia

Roger Abou-Rached aka Roger A. Rachad
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CP/OR07-020.5