

IN THE MATTER OF THE
SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF HOMBURG INVEST INC.
(the "Respondent")

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The parties to this Settlement Agreement ("Agreement") are the Respondent and Staff of the Nova Scotia Securities Commission.
2. The parties agree that the Nova Scotia Securities Commission ("Commission") has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT

4. Staff of the Commission ("Staff") agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as **Schedule "A"**.
5. The parties agree that the Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. Staff agrees to recommend that the allegations acknowledged and admitted by the Respondent be resolved and disposed of in accordance with this Agreement.
7. The parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

PART III – STATEMENT OF AGREED FACTS

8. Staff and the Respondent agree with the facts and conclusions set out in this Part of the Agreement.
9. The Respondent is an extra-provincial corporation with its head office located in Halifax, Nova Scotia.



10. The Respondent is a reporting issuer in all provinces and territories of Canada.
11. The Commission is the principal regulator for the Respondent in Canada.
12. The Respondent is subject to oversight of the Netherlands Authority for Financial Markets ("AFM"), in two capacities: (1) as a registered financial institution under the laws of the Netherlands, and (2) as a reporting issuer having made an offering of securities to the public in the Netherlands.
13. On April 29, 2010, the Netherlands Authority for the Financial Markets ("AFM") issued an Order on the Respondent for provision of information to the AFM subject to an incremental penalty of \$4,000.00 EUR per day of failing to comply with the Order to a maximum of \$80,000.00 EUR ("the Penalty Order").
14. The Respondent filed an objection to the Penalty Order and appealed same to the Summary Proceeding Judge of the District Court of Rotterdam.
15. On September 9, 2010, a hearing was held before the Summary Proceeding Judge of the District Court of Rotterdam whereby the Respondent requested the Court to determine that there were no grounds for the AFM to have imposed the Penalty Order.
16. On September 23, 2010, the Summary Proceeding Judge of the District Court of Rotterdam ruled that the Penalty Order was properly issued by the AFM due to its noncompliance with AFM's valid requests for information and consequently, Dutch securities laws.
17. On September 24, 2010, the Respondent issued a News Release stating that the AFM had published an announcement that the Respondent had not complied with a request for information.
18. The Respondent failed to file a News Release informing the public of the Penalty Order in a timely manner.
19. On April 22, 2011, the AFM issued an Instruction to the Respondent as follows (the "Instruction"):
 - (a) Richard Homburg shall not act as director or officer or copolicymaker of the Respondent;
 - (b) The Respondent shall provide written documentation to the AFM evidencing that Richard Homburg ceased to act as co-policymaker of HII by holding controlling interests, and explaining how it can ensure that Richard Homburg can no longer exert substantial influence over its policies and decision-making processes within fifty (50) business days; and
 - (c) The Respondent shall appoint two officers who are resident of the Netherlands and who can be addressed by the AFM within fifteen (15) days.




20. The Respondent filed an objection to the Instruction and appealed to the District Court of Rotterdam, in an in camera hearing, for summary relief from same.
21. On May 25, 2011, the Summary Proceeding Judge of the District Court of Rotterdam dismissed the Respondent's application for summary relief, thereby holding that the Instruction issued by the AFM stands.
22. On May 26, 2011, the Respondent issued a News Release on SEDAR announcing that the Respondent had received an "instruction from the AFM" as follows:
 - (a) The Respondent's controlling shareholder, Richard Homburg, is to be removed as a decision-maker and person of influence in the Company; and
 - (b) The Respondent shall appoint two directors or officers of the Company who are resident in the Netherlands and can be addressed by the AFM.
23. On May 30, 2011, the Respondent filed a Material Change Report on SEDAR disclosing the material changes set out in paragraph 22.
24. The Respondent failed to file a News Release and a Material Change Report in a timely manner with respect to the Instruction issued by the AFM on April 22, 2011.
25. By failing to file its disclosure in a timely manner, as set out in this Agreement, the Respondent violated section 81(1)(b) of the Act and Part 7.1 of National Instrument 51-102.

PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT

26. The Respondent admits the facts set forth in Part III herein and acknowledges that it violated Nova Scotia securities laws.
27. The Respondent acknowledges and admits that it violated section 81(1)(b) of the Act and Part 7.1 of National Instrument 51-102.
28. The Respondent acknowledges that its actions undermined investor confidence in the fairness and efficiency of capital markets in Nova Scotia and were contrary to the public interest.

PART V – MITIGATING FACTORS

29. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.
30. The Respondent cooperated with Staff's investigation of this matter.
31. In its news release of May 26, 2011, the Respondent stated:

A handwritten signature in black ink, appearing to be a stylized 'S' followed by a flourish.

- (a) "The Board of Directors is taking steps to comply with those elements of the Instruction that it can legally undertake, such as submitting candidates to the AFM for Netherlands-based directors";
 - (b) The Respondent "cannot comply with any aspect of the Instruction that is not enforceable under, or would result in a breach of, Canadian or Dutch law. The Board of Directors of HII cannot itself legally reduce the control Mr. Homburg exercises over HII through his shareholdings nor can it compel Mr. Homburg to reduce his control."
 - (c) The Respondent "is left in the difficult position of being unable to carry out these aspects of the Instruction."
 - (d) The Respondent "is vigorously contesting the AFM Instruction, which is based on a dispute between the Dutch tax authorities and a private individual (Mr. Homburg),"
32. The Respondent has informed Staff that, in good faith, and after exercising due diligence, it believed that a material change had not occurred until the Summary Proceeding Judge dismissed its application for preliminary relief regarding the Instruction on May 25, 2011.
33. The Respondent has since filed its requisite disclosure pursuant to section 81(1)(b) of the Act and section 7.1 of National Policy 51-102.

PART VI – TERMS OF SETTLEMENT

34. The terms of settlement are set forth in the Order contained in **Schedule "A"** to this Agreement which is expressly incorporated herein.
35. The Respondent consents to the Order contained in **Schedule "A"**.

PART VII – COMMITMENTS

36. If this Agreement is approved and the Order as set out in **Schedule "A"** is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.
37. If this Agreement is approved by the Commission, Staff will not initiate any other proceeding against the Respondent or any other current or former officers, directors, employees, representatives or agents of the Respondent in relation to any disclosure obligations of the Respondent regarding any instructions or orders issued to the Respondent in the Netherlands which Staff was aware of on the date of this Agreement, including, but not limited to the facts set out herein.
38. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this

Handwritten signatures in black ink, appearing to be initials or a signature, located at the bottom right of the page.

Agreement. The foregoing does not bind or limit the Respondent in any other proceeding of any kind.

39. If this Agreement is approved by the Commission, the Respondent agrees to abide by all terms of this Agreement as set out in the Order attached as **Schedule "A"**.
40. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in **Schedule "A"** is not granted by the Commission:
- (a) Staff and the Respondent will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
 - (b) The terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the Respondents or as may otherwise be required by law; and
 - (c) The Respondent agrees that it will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
41. If, in the view of Staff and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, Staff will be at liberty to withdraw from this 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 38 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

42. Staff or the Respondent may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

A handwritten signature in black ink, appearing to be 'RFB' followed by a stylized flourish.

IX – EXECUTION OF SETTLEMENT AGREEMENT

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

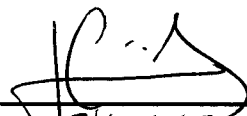
Dated this 25 day of July, 2011.

SIGNED, SEALED AND DELIVERED
In the presence of:



Witness
Konstant Fromm

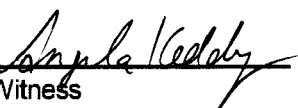
Homburg Invest Inc.



Per J. SCHENNING
I confirm my authority to bind the
corporation.

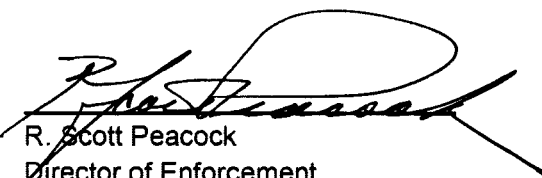
Dated this 29 day of July, 2011.

SIGNED, SEALED AND DELIVERED
In the presence of:



Witness

**Staff of the Nova Scotia
Securities Commission**



R. Scott Peacock
Director of Enforcement
Nova Scotia Securities Commission,
Enforcement Branch

SCHEDULE "A"

IN THE MATTER OF THE
SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF HOMBURG INVEST INC.
(the "Respondent")

ORDER

(Sections 134, 135 and 135A)

WHEREAS on _____, 2011 the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 134, 135 and 135A of the Act;

AND WHEREAS the Respondent entered into a Settlement Agreement with Staff of the Commission ("Staff") whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS Staff recommended approval of the Settlement Agreement;

AND WHEREAS the Commission is of the opinion that the Respondent has contravened the Act and it is in the public interest to make this Order;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing, and upon hearing submissions of counsel for Staff and the Respondent;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated _____, 2011, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(a) of the Act, the Respondent shall comply with and cease contravening the Act;
3. Pursuant to section 134(1)(a) of the Act, the directors and senior officers of the Respondent shall cause the Respondent to comply with and cease contravening the Act;
4. Pursuant to section 135 of the Act, the Respondent shall pay an administrative penalty in the amount of seventy-five thousand dollars (\$75,000.00) forthwith; and
5. Pursuant to section 135A of the Act, the Respondent shall pay costs in

A handwritten signature in black ink, appearing to be 'P. B. S.', located at the bottom right of the page.

connection with the investigation and conduct of the proceedings before
the Commission in the amount of eleven thousand four hundred dollars
(\$11,400.00) forthwith.

DATED at Halifax, Nova Scotia, this _____ day of _____ 2011.

NOVA SCOTIA SECURITIES COMMISSION



(Chairman)

