

# ALBERTA SECURITIES COMMISSION

**Citation: Re Seton Securities International Ltd., 2018 ABASC 148**

**Docket: ENF-011012**

**Date: 20180907**

## **SETTLEMENT AGREEMENT AND UNDERTAKING**

**Seton Securities International Ltd.**

### **Agreed Facts**

#### *Introduction*

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into Seton Securities International Ltd. (**Seton**) to determine if Alberta securities laws had been breached.
2. The investigation confirmed, and Seton admits that it breached those sections of the *Securities Act*, RSA 2000, c S-4, as amended (**Act**), referred to in this Settlement Agreement and Undertaking (**Agreement**), and that it acted contrary to the public interest.
3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to in paragraph 16 and for no other use or purpose, Seton agrees to the facts and consequences set out in this Agreement.
4. Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

#### *Parties*

5. Seton is a securities dealer in the Bahamas. It was not registered in Alberta with the Commission at any time material hereto.

#### *Circumstances*

6. On February 16, 2016, Lambert (Bert) Joseph Lavallee (**Lavallee**), an Alberta resident, made application to Seton to open a securities trading account in the Bahamas (**Account**).
7. In his Account application, Lavallee listed his Alberta home address and provided a copy of his passport and driver's licence with that same address. He also provided to Seton a

utility bill showing his Alberta address, a reference from his bank in Edmonton, and a character reference from a Calgary based colleague and lawyer.

8. Lavallee also executed a Non-Solicitation Acknowledgement & Agreement in favour of Seton. In it, Seton affirmed it was not registered to trade in securities, or act as a broker-dealer or investment advisor, in Alberta.
9. Between approximately May 2016 and September 29, 2017, Lavallee traded tens of thousands of securities of North America Frac Sand, Inc. (**NAFS**) in the Account. NAFS is a Florida, USA, based company with a head office in Vancouver, British Columbia (formerly in Calgary). He also traded in securities of Advanced Environmental Petroleum Producers in the Account.
10. NAFS was cease traded by the Commission on May 16, 2016, for accounting related deficiencies and disclosure (**CTO Order**). The CTO Order is still in place.

#### **Admitted Breaches of Alberta securities laws (Admitted Breaches)**

11. Based on the Agreed Facts, the Seton admits it breached:
  - 11.1 section 75(1)(a) of the *Act*, by acting as a dealer in Alberta without registration in accordance with Alberta securities laws.

#### **Circumstances Relevant to Settlement**

12. Seton has not been previously sanctioned by the Commission, and it cooperated with Staff and with the securities commission of the Bahamas during the investigation.
13. Seton was not aware of the CTO Order.
14. Seton has another account with a client in Red Deer, Alberta (**Red Deer Account**). The Red Deer Account is dormant.
15. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

#### **Settlement and Undertakings**

16. Based on the Agreed Facts and Admitted Breaches, Seton agrees and undertakes to the Executive Director of the Commission to:
  - 16.1 pay to the Commission a monetary settlement of \$30,000, plus costs of \$5,000; and
  - 16.2 close the Account and Red Deer Account.

#### **Administration**

17. Seton acknowledges that it received independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.

18. Seton waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
19. Seton acknowledges and agrees that the Commission may enforce this Agreement in the Court of Queen’s Bench or in any other court of competent jurisdiction.
20. Seton understands and acknowledges this Agreement may form the basis for securities-related orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow for provisions of a settlement agreement made in this matter to be given parallel effect in those other jurisdictions automatically, without further notice to it. Seton understands and acknowledges that it should contact the securities regulator of any other jurisdiction in which it may intend to engage in any securities-related activities.
21. Execution and fulfillment of the terms of this Agreement by Seton resolves all issues involving Seton relating to the conduct described above, and Staff will take no further steps against it arising from these facts.
22. This Agreement may be executed in counterpart.

Signed by the duly authorized signatory of )  
SETON SECURITIES INTERNATIONAL ) SETON SECURITIES INTERNATIONAL LTD.  
LTD. at Nassau, Bahamas this 7<sup>th</sup> day of )  
September 2018, in the presence of: )  
)  
Dominique Munroe )  
WITNESS NAME )  
)  
“Original signed by” ) Per: “Original signed by”  
SIGNATURE ) JAY GOTLIEB  
)

) ALBERTA SECURITIES COMMISSION  
)  
Calgary, Alberta, 6<sup>th</sup> September 2018 )  
)  
) “Original signed by”  
) David C. Linder, Q.C.  
) Executive Director