

**ALBERTA SECURITIES COMMISSION**

**DECISION**

**Citation: Re IAC – Independent Academies Canada Inc., 2015 ABASC 569 Date: 20150224**

**IAC – Independent Academies Canada Inc.,  
Micron Systems Inc., Theodore Robert Everett,  
Leonard George Ralph and Robert H. Duke**

<b>Panel:</b>	Tom Cotter Stephen Murison
<b>Representation:</b>	Raman Gill for Commission Staff
<b>Submissions Completed:</b>	February 17, 2015
<b>Decision:</b>	February 24, 2015

## I. INTRODUCTION

[1] Alberta Securities Commission staff (**Staff**) seek orders reciprocating sanctions imposed by the British Columbia Securities Commission (the **BCSC**) on five respondents (the **Respondents**): IAC – Independent Academies Canada Inc. (**IAC**); Micron Systems Inc. (**Micron**); Theodore Robert Everett (**Everett**); Leonard George Ralph (**Ralph**); and Robert H. Duke (**Duke**).

[2] Affidavit evidence satisfies us that the Respondents were each given adequate notice of Staff's application and an opportunity to be heard.

## II. BACKGROUND

[3] Ralph and the Executive Director of the BCSC entered into a settlement agreement cited as 2013 BCSECCOM 414 in which Ralph agreed that he authorized, permitted or acquiesced in IAC's illegal distribution of its securities. By order cited as 2013 BCSECCOM 415, the Executive Director of the BCSC imposed an array of 10-year bans against Ralph (the **BCSC Ralph Order**).

[4] A BCSC panel, in a decision cited as 2014 BCSECCOM 260, imposed (among other things) an array of permanent bans against IAC, Micron, Everett, and Duke (the **BCSC IAC Order**). These sanctions followed the BCSC panel's findings (cited as 2014 BCSECCOM 93) that IAC, Everett and Duke illegally distributed securities; Micron, Everett and Duke contravened a BCSC cease-trade order; and Everett, Duke, IAC and Micron perpetrated a fraud. Everett and Duke were also each found to have authorized, permitted and acquiesced in IAC's and Micron's fraud.

## III. ANALYSIS

[5] We will exercise our authority under section 198(1.1) of the *Securities Act* (Alberta) (the **Act**) to reciprocate certain orders made in another jurisdiction if the preconditions stipulated in that provision are satisfied and if we conclude that the reciprocation sought will, in the public interest, protect Alberta investors and the Alberta capital market: *Re Leemhuis*, 2008 ABASC 585 at para. 12.

[6] The statutory preconditions are met in this case. The Respondents have been given the opportunity to be heard; and, pursuant to the BCSC Ralph Order or the BCSC IAC Order, each is subject to orders made by a securities regulatory authority. The Respondents' capital market misconduct was serious – including, according to evidence tendered by Staff, perpetration of a fraud by some of the Respondents and illegal distributions of securities. There was also evidence of distributions to Alberta residents. We are satisfied that reciprocating the bans in Alberta, consistent with the notice of hearing and the Act, will serve the public interest.

[7] We note two recent changes to Alberta securities laws. First, effective October 31, 2014 in conjunction with other amendments, the words "exchange contract" and "exchange contracts" were replaced in section 198(1) of the Act with the words "derivative" and "derivatives", respectively. We have used the latter terms in this decision to reflect those changes. Second, effective December 17, 2014, section 198(1)(c.1) was added to the Act; this contemplates the making of an order that prohibits "engaging in investor relations activities" – materially identical

to corresponding bans under the BCSC Ralph Order and the BCSC IAC Order. Our reciprocating orders reflect that change in our legislation. The presumption against retrospective effect has no application in the present circumstances, where the purpose of the subject orders is protective rather than punitive: *Brosseau v. Alberta (Securities Commission)*, 1 [1989] S.C.R. 301.

#### **IV. SANCTIONS ORDERED**

[8] For the reasons given, pursuant to section 198(1.1) of the Act we order in the public interest:

##### *IAC and Micron*

with permanent effect:

- under section 198(1)(a), all trading in or purchasing of securities of IAC and Micron must cease;
- under section 198(1)(b), IAC and Micron must cease trading in or purchasing securities or derivatives; and
- under section 198(1)(c.1), IAC and Micron are prohibited from engaging in investor relations activities;

##### *Everett and Duke*

with permanent effect:

- under section 198(1)(b), Everett and Duke must cease trading in or purchasing securities or derivatives;
- under section 198(1)(c.1), Everett and Duke are prohibited from engaging in investor relations activities;
- under sections 198(1)(d) and (e), Everett and Duke must resign all positions that they hold as a director or officer of any reporting issuer or registrant, and they are prohibited from becoming or acting as a director or officer (or both) of any reporting issuer or registrant; and
- under section 198(1)(e.3), Everett and Duke are prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and

##### *Ralph*

for 10 years from October 1, 2013:

- under section 198(1)(b), Ralph must cease trading in or purchasing securities, except that this order does not preclude Ralph from trading in or purchasing securities through a registrant (who has first been given a copy of this decision and the BCSC Ralph Order) in one non-registered account and one tax-free savings account (as defined in the *Income Tax Act* (Canada));
- under section 198(1)(c.1), Ralph is prohibited from engaging in investor relations activities;
- under sections 198(1)(d) and (e), Ralph must resign all positions he holds as a director or officer of any reporting issuer or registrant, and he is prohibited from becoming or acting as a director or officer (or both) of any reporting issuer or registrant; and
- under section 198(1)(e.3), Ralph is prohibited from acting in a management or consultative capacity in connection with activities in the securities market.

February 24, 2015

**For the Commission:**

\_\_\_\_\_  
"original signed by"  
Tom Cotter

\_\_\_\_\_  
"original signed by"  
Stephen Murison