

2005 BCSECCOM 196

Steven Peter Hughes, also known as Stephen Peter Hughes

Sections 161 and 162 of the *Securities Act*, RSBC 1996, c. 418

Panel	Adrienne Salvail-Lopez	Vice Chair
	Joan L. Brockman	Commissioner
	Marc A. Foreman	Commissioner

Date of Findings December 19, 2003

Date of Decision March 31, 2005

Submissions Made by

Sean K. Boyle For the Executive Director

Decision

- ¶ 1 The Commission released its findings in this matter on December 19, 2003 (2003 BCSECOM 856). At that time, the Commission requested further submissions before issuing orders in respect of the findings.
- ¶ 2 The Executive Director made written submissions and sent them to Steven Peter Hughes in accordance with the Commission's direction. Hughes has neither made written submissions nor requested an opportunity to make oral submissions.
- ¶ 3 Our decision in this matter should be read in conjunction with the Commission's findings.
- ¶ 4 In summary, the Commission found that Hughes:
- traded and distributed securities without being registered and without filing a prospectus, contrary to sections 34 and 61 of the *Securities Act*, RSBC 1996, c. 418;
 - made misrepresentations, contrary to section 50(1)(d) of the Act;
 - perpetrated a fraud on persons in British Columbia, contrary to section 57(b) of the Act; and
 - acted contrary to the public interest.

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- ¶ 5 In the five years ending in May 2001, Hughes raised approximately \$1.4 million from British Columbia investors. Most lost their entire investment. Hughes used at least \$1.1 million of this money for personal expenses. During part of this period, Hughes was subject to a cease trade order issued by the Commission, but continued to trade securities in direct contravention of the order.
- ¶ 6 At paragraph 136 of the findings, the Commission said that Hughes “deliberately breached securities legislation requirements he knew he was obliged to meet. As a previous registrant he knew about the duty to know and make suitable investments for clients and deal with them fairly. He deliberately preyed on senior citizens because he knew they were easy and trusting targets.”
- ¶ 7 At paragraph 141 of the findings, the Commission concluded that Hughes “is the most dangerous kind of market abuser there is.”
- ¶ 8 In making our decision, we are guided by the Commission’s decision in *Re Eron Mortgage Corp.* [2000] 7 BCSC Weekly Summary 22. At page 24, the Commission sets out a non-exhaustive list of factors we usually consider when making orders against a person under sections 161(1) and 162 of the Act.
- ¶ 9 Applying the *Eron* criteria, Hughes’ conduct is very serious and highly prejudicial to the public interest. He enriched himself through illegal sales of securities, misrepresentation and fraud. He chose victims who were vulnerable and trusting. He did some of this while he was under a Commission cease trade order. Hughes poses a significant risk to investors and markets in British Columbia. He is a repeat offender with a complete disregard for the rules governing our capital markets. We must deter him, and others, from similar conduct.
- ¶ 10 We consider it to be in the public interest to remove Hughes from our markets for the rest of his life and to impose on him a substantial administrative penalty. According, we order:
1. under section 161(1)(b) of the Act, that Hughes cease trading in and be prohibited from purchasing any securities or exchange contracts permanently;
 2. under section 161(1)(c) of the Act, that all of the exemptions described in the Act do not apply to Hughes permanently;
 3. under section 161(1)(d)(i) of the Act, that Hughes resign any position he holds as a director or officer of any issuer;

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4. under section 161(1)(d)(ii) of the Act, that Hughes be prohibited from becoming or acting as a director or officer of any issuer permanently;
 5. under section 161(1)(d)(iii) of the Act, that Hughes be prohibited from engaging in investor relations activities permanently;
 6. under section 162 of the Act, that Hughes pay an administrative penalty of \$250,000; and
 7. under section 174 of the Act, that Hughes pay the costs of or related to the hearing.
- ¶ 11 We direct the Executive Director to make written submissions on costs, and to send a copy to Hughes at his last known address, by April 15, 2005. If Hughes wishes to make written submissions, we direct him to send them to the Secretary to the Commission, and to send a copy to the Executive Director, by April 29, 2005. If the parties wish to make oral submissions, we direct them to contact the Secretary to the Commission before May 6, 2005, to fix a date for the hearing of those submissions.
- ¶ 12 March 31, 2005
- ¶ 13 **For the Commission**

Adrienne Salvail-Lopez
Vice Chair

Joan L. Brockman
Commissioner

Marc A. Foreman
Commissioner

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