

# 2003 BCSECCOM 572

## Notice of Hearing

### Harjit Singh Gill

#### Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 A hearing (the Hearing) will be held to give Harjit Singh Gill (Gill) an opportunity to be heard before the British Columbia Securities Commission considers whether it is in the public interest to make the following orders in respect of the Respondents:
1. under section 161(1)(a) of the *Securities Act*, RSBC 1996, c. 418, Gill comply with or cease contravening the Act;
  2. under section 161(1)(b) of the Act, Gill cease trading in, and be prohibited from purchasing any securities;
  3. under section 161(1)(d) of the Act, Gill resign any position he may hold as a director or officer of any issuer, and that he be prohibited from becoming or acting as a director or officer of any issuer;
  4. under section 161(1)(d) of the Act, Gill be prohibited from engaging in investor relations activities;
  5. under section 162 of the Act, Gill pay an administrative penalty;
  6. under section 174 of the Act, Gill pay prescribed fees or charges for the costs of or related to the hearing; and
  7. any other orders as may be appropriate in the circumstances.
- ¶ 2 The Commission will be asked to consider the following facts and allegations in making its determinations:
1. Gill is a resident of British Columbia.
  2. Between January 1, 1997 and March 3, 1998 (the Relevant Period), Gill was registered as an investment advisor under the Act with Levesque Securities Inc. (Levesque).

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3. On February 17, 1997, Sargon Resources Ltd. (Sargon), a Vancouver Stock Exchange (VSE) listed company announced a private placement financing of 600,000 units at \$0.96 per units to 27 individuals or corporations (the Private Placement).
4. On August 29, 1997, a finder's fee in the amount of \$33,568 was paid to Gill by Saragon (the Fee). Gill attempted to disguise that he was the recipient of the Fee by means of the following:
  - (a) the Fee was made payable, on its face, to an unrelated person who rented real property owned by Gill;
  - (b) participants in the Private Placement dealt exclusively with Gill and had never heard of the person mentioned in item (a), above;
  - (c) the Fee was negotiated through a bank account held in the name of Gill's sister; and
  - (d) Gill repaid the Fee to Sargon in July of 1998.
5. During the Relevant Period Gill used his client accounts at Levesque to effect the following:
  - (a) trades of Sargon on both the buy and sell side of the trade (Churning), and;
  - (b) trades of Sargon where shares were purchased at higher prices than the previous purchase (Upticking).
6. Gill conducted the Churning and the Upticking to create a false and misleading appearance of trading activity in Sargon contrary to section 57(a) of the Act.
7. On July 3, 1997, Gill opened an account at Levesque for a client (the Account). The client deposited into the Account 73,696 shares of BPI-Industries Inc. (BPI), a reporting issuer on the VSE.
8. The client instructed Gill to liquidate the BPI shares in the Account over time.

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9. Without instructions from the client, Gill used \$101,815 from the sale of the BPI shares in the Account to purchase and sell shares of Sargon between June 27, 1997 and August 11, 1997 (the Transactions). The Transactions were unauthorized by the client, and consisted of 19 buys and 3 sells, resulting in a debit in the Account in August 1997 of \$164,198.
10. Many of the Transactions took place while the client was out of the country in India. The client returned from India on August 6, 1997 and discovered the Transactions in the Account. When confronted by the client on or about August 11, 1997, Gill admitted he was at fault in misusing funds in the Account.
11. In participating in the Trades and in receiving the Fee, Gill acted contrary to section 14 of the *Securities Rules*, B.C. Reg. 194/97 (the Rules).
12. During the Relevant Period, Gill was an undisclosed de facto director and an insider of Sargon.
13. While a de facto director and insider of Sargon, Gill recommended that his clients at Levesque purchase shares of Sargon. Of the 100 accounts Gill was responsible for at Levesque, 86 of those accounts traded shares of Sargon.
14. As an insider and de facto director of Sargon, Gill had a conflict of interest as between Sargon and his clients at Levesque, contrary to section 14 of the Rules.
15. As a registered investment advisor, Gill performed the role of a gatekeeper in the securities industry. Gill's conduct, as described herein, was contrary to his role as a gatekeeper and contrary to the public interest.
16. Gill's conduct, as described herein, was contrary to the Rules and Bylaws of both the Vancouver Stock Exchange and its successors and the Investment Dealers Association.

### **The Hearing**

- ¶ 3 Gill may be represented by counsel at the Hearing, and make representations and lead evidence. Gill is requested to advise the Commission of their intention to attend the Hearing by informing the Commission Secretary at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: [commsec@bcsc.bc.ca](mailto:commsec@bcsc.bc.ca).

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- ¶ 4 Gill or his counsel is required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, at a time to be determined, if they wish to be heard before the Commission sets a date for the Hearing.
- ¶ 5 Determinations may be made in this matter if Gill or his counsel do not appear at the Hearing.
- ¶ 6 August 1, 2003

“Stephen J. Wilson”

- ¶ 7 Stephen J. Wilson  
Executive Director