

2009 BCSECCOM 149

Notice of Hearing

Solara Technologies Inc. and William Dorn Beattie

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

- ¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for orders against Solara Technologies Inc. and William Dorn Beattie (the Respondents) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. Solara Technologies Inc. (Solara) is a British Columbia company with an office in Port Moody, BC. Solara has never been registered to trade securities, and has never filed a prospectus, under the Act.
2. Solara's primary business was to develop, promote and sell proprietary technology for the vending machine and information kiosk industry.
3. William Dorn Beattie (Beattie) is a resident of British Columbia and was the sole director and officer of Solara at all relevant times. Beattie has never been registered to trade securities under the Act.
4. Beattie incorporated Solara to continue the business of a previous company that he directed and controlled, coreGenesis Systems Inc.

Misconduct

Illegal Trading and Distributions

5. Between August 2004 and August 2007 (the Relevant Period), Beattie organized presentations, met with investors and marketed the shares of Solara.
6. During the Relevant Period, the Respondents distributed Solara securities to at least 60 investors, raising approximately \$1,990,000.
7. In respect of at least 41 investors, investing approximately \$667,000, Solara purported to rely on the Offering Memorandum, Friends Family and Business Associates, and Accredited Investor exemptions, none of which applied in the circumstances.
8. The Respondents traded and distributed securities contrary to sections 34 and 61 of the Act.

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Misrepresentations

9. In the course of distributing Solara securities, the Respondents provided investors with a document dated December 11, 2004 that purported to be an offering memorandum (the OM).
10. Solara stated in the OM that it owned certain software and hardware that was an integral part of the technology at the core of its business. Solara omitted to state the material fact that it was involved in an ongoing legal dispute in the Supreme Court of British Columbia over the ownership of the software and hardware it claimed to own.
11. Solara falsely stated in the OM that it had not paid, and did not anticipate paying, Beattie any compensation for the current financial year. Solara paid Beattie an annual salary of \$70,000, and Beattie had received compensation from Solara prior to the date of the OM.
12. By failing to state the material fact in paragraph 10 and making the false statement in paragraph 11 Solara made misrepresentations contrary to section 50(1)(d) of the Act.
13. Beattie authorized, permitted or acquiesced in Solara's misrepresentations and therefore, under section 168.2, also contravened section 50(1)(d) of the Act.

False or misleading filings

14. Under the Act, Solara was required to file, within 10 days, an exempt distribution report (Report) for every distribution it made.
15. Solara filed Reports that:
 - a. claimed to rely on the offering memorandum exemption for distributions that had actually occurred before the OM existed,
 - b. provided false distribution dates, falling within the 10 day filing deadline, for distributions that occurred significantly before those dates; and
 - c. failed to disclose compensation paid for finders' fees.
16. By making false or misleading statements in required filings, Solara contravened section 168.1(1)(b) of the Act.
17. Beattie authorized, permitted or acquiesced in Solara's false or misleading filings and therefore, under section 168.2, also contravened section 168.1(1)(b) of the Act.

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Breach of Cease Trade Order

18. On June 27, 2007, the Executive Director ordered under section 164(1) of the Act that trading in the securities of Solara cease.

19. Solara and Beattie contravened the cease trade order:

- a) in or about August 2007, by distributing 100,000 shares in Solara for proceeds of approximately \$31,497; and
- b) in October 2007, by issuing a promissory note for proceeds of \$100,000.

Hearing Process

- ¶ 2 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 3 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Wednesday, April 27, 2009, at 10:00 am** if they wish to be heard before the Commission sets a date for the Hearing.
- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director may apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.
- ¶ 5 March 11, 2009
- ¶ 6 Martin Eady, CA
Acting Executive Director