

# 2011 BCSECCOM 230

## Notice of Hearing

**Douglas Charles, Ian T. Ball, James Dupree, Stephen Armitage  
and Peter B. Thompson**

### **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 Douglas Charles, Ian T. Ball, James Dupree, Stephen Armitage, Peter B. Thompson (collectively, 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. Douglas Charles purports to be an offshore investment firm with offices in Panama and Switzerland.
2. James Dupree (Dupree), Ian T. Ball (Ball), Stephen Armitage (Armitage), and Peter B. Thompson (Thompson) claim to be representatives of Douglas Charles in the following capacities:
  - (a) Dupree purports to be a Senior Director of Research;
  - (b) Ball and Thompson purport to be a Senior Vice Presidents of the Wealth Management and Taxation Department; and
  - (c) Armitage purports to be Legal Counsel.
3. None of the Respondents are registered in any capacity under the Act.

#### **Website**

4. The Douglas Charles website (Website) states that Douglas Charles offers its clients “personalized and comprehensive financial services”, “access to the firm’s global resources”, and “award-winning research”.
5. The Website consists almost exclusively of text plagiarized from the websites of other established financial service firms, including:
  - (a) a British Columbia-based investment dealer with an international presence;
  - (b) an investment dealer owned by a Canadian Chartered Bank;
  - (c) a Manitoba-based wealth management firm;

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- (d) a Japan-based securities dealer; and
  - (e) two United States-based broker dealers.
6. The Website identifies the Douglas Charles head office as being located in the World Trade Centre in Panama City, Panama. The address is actually that of a company that provides virtual office services, with which Douglas Charles has had a contract since only January of 2010.

### **Advance Fee Scheme**

7. The Respondents attempted to carry out an advance fee scheme.
8. In January 2011, Dupree called a British Columbia shareholder (Shareholder) of York-Rio Resources Inc. (York-Rio). Dupree arranged a telephone call between the Shareholder and Ball.
9. Ball then called the Shareholder and told him that:
- (a) An investor they represent needed to show some losses in his portfolio.
  - (b) The investor wanted to trade his Apple, Inc. (Apple) shares for the Shareholder's York-Rio shares.
  - (c) The investor was offering \$1.50 per share for the Shareholder's 10,000 York-Rio shares in exchange for 100 of the investor's Apple shares. The Shareholder would be required to send \$9,000 to Douglas Charles, in advance, to make up the difference between the value of the York-Rio shares and the Apple shares.
  - (d) The Shareholder would not sign over his York-Rio shares until after he had sent the \$9,000 and received the Apple shares.
  - (e) The Shareholder would then be able sell the Apple shares.
10. After the telephone call from Ball, Dupree called the Shareholder and asked for his e-mail address, which the Shareholder provided.
11. On January 17, 2011, Ball sent to the Shareholder, by e-mail, a letter which attached a document titled "Transaction Summary". The Transaction Summary was signed by Ball and Armitage on behalf of Douglas Charles and outlined the transaction described during the telephone call.

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12. On February 28, 2011, a representative of Douglas Charles contacted a second British Columbia York-Rio shareholder (Second Shareholder) by phone and made an offer similar to the one described above.
13. The Second Shareholder received documents via email from Thompson that same day, confirming the offer discussed on the phone.

### **Unregistered Trading**

14. By purporting to solicit trades of York-Rio and Apple shares the Respondents engaged in acts in furtherance of trading in securities without being registered contrary to section 34 of the Act.

### **Public Interest**

- ¶ 2 It is in the public interest that the Commission issue orders under sections 161 and 162 of the Act.

### **Hearing Process**

- ¶ 3 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, BC, on **Tuesday, June 14, 2011 at 9:00 am** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.
- ¶ 4 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.
- ¶ 5 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.
- ¶ 6 May 18, 2011  
  
Paul Bourque
- ¶ 7 Paul C. Bourque, Q.C.  
Executive Director