

2012 BCSECCOM 246

Notice of Hearing

Aaron Ross

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

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

Background

1. Aguila American Gold Limited (Aguila) is a British Columbia mining company with shares trading on the TSX venture exchange.
2. MineGate Resources Capital Group Inc. (MineGate) has an office in Vancouver, B.C. MineGate provides offices for public companies and provides investor relations for these companies, including Aguila.
3. Ross is a resident of British Columbia. During the relevant period, Ross worked as a corporate communications officer for MineGate.
4. Ross has never been registered under the Act.

Misconduct

5. On February 18, 2011, Aguila issued a news release disclosing drill results on property in Peru. The news release included a disclaimer that “the potential quality and grade was conceptual in nature, there has been insufficient evidence to support a mineral resource and it is uncertain if further exploration would result in a discovery or mineral resource.”
6. In February, 2011, Ross, while engaging in investor relations for Aguila, made calls and sent emails to over 130 potential investors identified on a list.
7. A Commission employee was named among the individuals identified on the list as potential investors. He was, in fact, an investigator in the Corporate Finance Division.
8. On February 17, 2011, the day before the issuance of the news release, Ross telephoned the investigator and spoke to him. During that conversation, Ross made the following promotional statements about Aguila:

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- a. Aguila would be releasing a news release regarding drill results at the close of market that day or early the next morning that would show “high tonnage” with “2 [to] 16 grams/tonne”;
 - b. Aguila should go to “2 to 3 bucks” at the current market value of gold; and
 - c. that they were “looking at 2 million ounces” of gold.
9. Those statements were materially misleading because:
- a. Ross omitted to provide the disclaimer found in the news release that the drilling results were only conceptual in nature and there was insufficient evidence to say that gold would be found;
 - b. The share price projection was unrealistic given that the information in the News Release was old information taken from a five year old Technical Report; and
 - c. Ross’s statement that they were “looking at 2 million ounces” was not found in either the Technical Report or the news release.
10. Ross, while making statements on behalf of the issuer, disclosed estimates of grade, quantity, and metal content that are not classified as a mineral resource or mineral reserve, contrary to section 2.3(1) of NI 43-101.
11. Ross, while engaging in investor relations, made statements that he knew or ought to have known were misrepresentations, contrary to section 50(1)(d) 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, British Columbia, on 10th day, July, 2012, 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.

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¶ 5 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will 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 June 25, 2012.

Paul C. Bourque

¶ 7 **Paul C. Bourque, Q.C.**
Executive Director