



## British Columbia Securities Commission

Citation: 2013 BCSECCOM 35

### Notice of Hearing

#### **Daveed Zarr (fka Asi Lalky) and Zarr Energy Corporation**

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

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

#### **Background**

1. Daveed Zarr (Zarr) is an Israeli citizen currently resident in Vancouver, British Columbia. He has never been registered under the Act.
2. Zarr Energy Corporation (the Company) is a federal non-distributing corporation created on September 7, 2010 and located in Vancouver. Zarr is the sole director of the Company. It has not filed a prospectus under the Act.
3. Zarr created a website for Zarr Energy Corporation that offered to sell shares in the Company.
4. Zarr also promoted an investment that he purported would provide B.C. investors a 50% annual return (the Investment).

#### **Misconduct**

##### ***Illegal Distribution of a Security***

5. On September 10, 2010, Zarr created a website for the Company. The website offered 20 million shares in the Company to the public at \$1.00.
6. By offering shares in the Company, Zarr made solicitations in furtherance of a trade, for which no prospectus had been filed, contrary to section 61(1) of the Act.

##### ***Unregistered Activity***

7. On December 31, 2011, Zarr posted an online classified advertisement promoting the Investment, in the Financial Services section of Vancouver's Craigslist webpage. Zarr stated investors would earn a 50% annual return if they agreed to open a foreign exchange trading account containing \$250,000



and give Zarr trading authority over the account. Zarr failed to mention that there would be risk associated with such a high rate of return.

8. In response to an email inquiry from a commission investigator posing as an investor, Zarr represented that he was a “professional currency trader” and reiterated that investors would earn a 50% annual return. He also specified that his “fee is what ever amount that is above your gain [sic]”. Again, Zarr failed to mention that there would be risk associated with such a high rate of return.
9. By promoting the Investment, Zarr made solicitations in furtherance of a trade, for which he was unregistered, contrary to section 34(a) of the Act.

#### ***Misrepresentations***

10. In the course of promoting the Investment, Zarr made the following statements:
  - (a) he is a professional currency trader; and
  - (b) the Investment would provide a 50% annual return.
11. Zarr’s statements were false or misleading, and contrary to section 50(1)(d) of the Act, because:
  - (a) Zarr has never been registered under the Act; and
  - (b) Zarr’s claimed rate of return is impossible without risk.

#### **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 **Tuesday, May 28, 2013, at 9:00 a.m.** 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 a 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 by contacting the Secretary to the Commission at PO Box 10142, Pacific Centre, 12th Floor, 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 9 , 2013.

**Paul C. Bourque, Q.C.**

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