



British Columbia Securities Commission

Citation: 2015 BCSECCOM 412

## Notice of Hearing

**Verdmont Capital, S.A., Glynn David Fisher and Taylor Kennedy Houser**

### **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 Verdmont Capital S.A. (Verdmont), Glynn David Fisher (Fisher) and Taylor Kennedy Houser (Houser) (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. Verdmont is an investment dealer located in Panama. Through its website, Verdmont promotes itself as providing offshore securities brokerage services.
2. Verdmont has never registered with this Commission in any capacity under the Act.
3. Fisher is a founder, director, and the President of Verdmont, and was formerly registered in BC as an investment adviser from 1994 to 1997.
4. Houser is a founder, director, and the Secretary of Verdmont and was formerly registered in BC as an investment adviser from 1994 to 1998.
5. Verdmont employs former BC registrants as traders, including Fisher and Houser.

#### **Misconduct**

##### ***Unregistered trading***

6. Starting in May 2013, Staff discovered the following:
  - (a) Through representations on its website, Verdmont held itself out as offering worldwide securities and investment management services;
  - (b) Verdmont's website posted restrictions on United States residents using its advertised service, but did not include any restrictions on Canadian residents; and



- (c) At least three former BC registrants, including Fisher and Housser, were employed at Verdmont.
- 7. In July 2013, staff made inquiries of both Verdmont and the Panamanian securities commission regarding Verdmont's BC accounts.
- 8. In August and September 2013, Verdmont provided account records for 12 BC clients, and changed its website to include a disclaimer prohibiting Canadian residents from opening accounts. In October 2013, the Panamanian securities commission provided information with respect to over 100 Verdmont BC client accounts.
- 9. Collectively, staff received information concerning 112 Verdmont brokerage accounts for over 100 BC residents (the BC Accounts). The BC residents held the BC Accounts either in their own names, or in the names of offshore companies controlled by them.
- 10. An aggregate review of the activity in the most active BC Accounts between January 2010 and August 2013 showed (in various currencies, primarily USD):
  - (a) purchases of over 70,000,000 shares, worth more than \$15,000,000;
  - (b) the sale of over 109,000,000 shares, worth over \$31,000,000; and
  - (c) approximately \$1,500,000 in fees and commissions earned by Verdmont.
- 11. By offering or soliciting trades of securities through its website:
  - (a) without posting a prominently displayed disclaimer that expressly identifies the foreign jurisdictions in which the offering or solicitation is qualified to be made; and
  - (b) without taking reasonable precautions not to sell to or trade on behalf of BC residents,

Verdmont held itself out as being in the business of trading and advising in securities and carried out both activities without being registered to do so, contrary to section 34 of the Act.
- 12. By trading in securities on behalf of over 100 BC residents without being registered to do so, Verdmont breached section 34 of the Act.



13. Fisher and Housser, as sales traders, directors, officers and agents of Verdmont, authorized, permitted or acquiesced in the breaches by Verdmont, and therefore contravened the same provision under section 168.2 of the Act.

**Hearing Process**

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, December 8, 2015, 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.
- ¶ 3 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.
- ¶ 4 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.

Paul C. Bourque  
Nov 12 2015 12:25 PM

- ¶ 5 Paul C. Bourque, Q.C.  
Executive Director