

Citation: 2016 BCSECCOM 62

Settlement Agreement

Patrick Aaron Dunn

Securities Act, RSBC 1996, c. 418

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Patrick Aaron Dunn agree as follows:

Agreed Statement of Facts

Background

1. Patrick Aaron Dunn (Dunn) is a resident of Vancouver, British Columbia. He was registered as a dealing representative with an exempt market dealer (Dealer 1), from June 22, 2011 until October 11, 2013. From November 8, 2013 until March 18, 2015, Dunn was registered as a dealing representative with another exempt market dealer (Dealer 2).
2. He has not been registered since March 18, 2015. Since that time, he has completed courses in capital raising and exempt market products.
3. Dunn has no regulatory history with the Commission.
4. Havenplex Holdings Ltd. (Havenplex) is a British Columbia company that was seeking financing to build Cherrywood Estates, a seniors housing complex in Creston, B.C.
5. In early 2013, Dunn offered to help Havenplex raise money.
6. While still employed at Dealer 1, Dunn signed an agreement that stated Dunn:
 - (a) would be solely in charge of raising line of credit and equity investment monies for Havenplex, and
 - (b) would see to it that Havenplex's affairs were compliant with British Columbia securities law.
7. In October of 2013, Dunn raised \$5,000 for Havenplex by selling a promissory note (Havenplex Promissory Note) to an investor (Investor A).
8. In October of 2013, Dealer 1 terminated Dunn's employment.

9. After his termination from Dealer 1, and before he was registered with Dealer 2, Dunn sold a Havenplex Promissory Note to a new investor (Investor B) for \$50,000.
10. Havenplex relied on the private issuer prospectus exemption in section 2.4 of National Instrument 45-106 *Prospectus Exemptions* to distribute Havenplex Promissory Notes to Investors A and B. Dunn asked Investors A and B to sign documents attesting to the fact that they were accredited without conducting the proper review. In fact, Investors A and B were not accredited investors and did not otherwise qualify for the exemption.

Misconduct

11. By distributing Havenplex Promissory Notes to Investors A and B, Dunn engaged in a \$55,000 illegal distribution contrary to s. 61 of the Act.
12. Dunn engaged in unregistered trading contrary to s. 34 of the Act when he sold a Havenplex Promissory Note to Investor A. As a dealing representative of an exempt market dealer, Dunn was only allowed to sell securities under a prospectus exemption, but no prospectus exemption was available for the distribution to Investor A.
13. Dunn engaged in unregistered trading contrary to s. 34 of the Act when he sold a Havenplex Promissory Note to Investor B because Dunn was not registered to sell securities under the Act at the time.
14. Dunn did not profit from his misconduct.

Public Interest

15. Dunn's conduct described in this Settlement Agreement is contrary to the public interest.
16. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

Undertaking

17. Dunn undertakes to pay \$11,000 to the British Columbia Securities Commission in respect of settlement of this matter, which sum is due and payable immediately without further demand.

Order

- ¶ 2 The Executive Director will issue an order (the Order) that:

1. under section 161(1)(a) of the Act, Dunn will comply fully with the Act, the Securities Rules, and any applicable regulations;
2. under section 161(1)(b) of the Act, Dunn cease trading in and be prohibited from purchasing any securities or exchange contracts for a period of 2 years, except that Dunn may purchase or trade securities:
 - (a) through one account in his own name at a registered dealer, provided that he gives a copy of the Commission's Order to the registered dealer; and
 - (b) in the course of his employment with a dealer registered under the applicable securities legislation and only with or to the clients of that dealer provided that:
 - (i) Dunn is registered under the Act in accordance with the regulations and in the category prescribed for the purpose of the activity;
 - (ii) Dunn is subject to strict supervision, meaning that all trades are pre-approved by a person approved by the Executive Director to act on behalf of the dealer in this capacity; and
3. under section 161(1)(d) of the Act, Dunn is prohibited from:
 - (a) becoming or acting as a director or officer of any issuer or registrant except that Dunn may become or act as an officer or director of a company of which all the shares are owned by him;
 - (b) becoming or acting as a registrant or promoter except that he may become or act as a registrant provided that he complies with paragraph 2 of this Order;
 - (c) acting in a management or consultative capacity in connection with activities in the securities market; and
 - (d) engaging in investor relations activities

for a period of 2 years from the date of this agreement.

Consent to Regulatory Orders

- ¶ 3 Dunn consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraphs 1 through 3 above.

Waiver

¶ 4 Dunn waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to or in connection with, or incidental to this settlement.

Counterpart

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 March 3, 2016

Patrick Dunn

¶ 7 _____
Patrick Aaron Dunn

Patricia Taylor

_____)
Witness Signature)
Patricia Taylor)
Witness Name (please print))
1200 – 625 Howe St)
Vancouver, BC V6Z 2T6)
Address)
Lawyer)
Occupation)

¶ 8 March 3, 2016

Peter Brady

¶ 9 Peter Brady
Acting Executive Director