

BRITISH COLUMBIA SECURITIES COMMISSION
Securities Act, RSBC 1996, c. 418

Citation: Green Hygienics, 2026 BCSECCOM 199

Date: 20260612

Green Hygienics Holdings Inc. and Ronald Wayne Loudoun

Panel	Gordon Johnson Noordin Nanji, KC Douglas Seppala	Vice Chair Commissioner Commissioner
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Submissions completed April 24, 2026

Decision date June 12, 2026

Parties

Amir Ghorbani For the Executive Director

Decision

I. Introduction

- [1] This is the sanctions portion of a hearing under sections 161(1) and 162 of the *Securities Act*, RSBC 1996, c. 418 (Act). The findings on liability that this panel made on March 4, 2026, reported at 2026 BCSECCOM 70, are part of this decision.
- [2] In a notice of hearing issued July 28, 2025 (2025 BCSECCOM 323), the executive director alleged, among other things, that:
 - a) Green Hygienics Holdings Inc. (Green Hygienics) and Ronald Wayne Loudoun (Loudoun) breached a cease trade order (CTO) made under the Act;
 - b) Loudoun also authorized, permitted or acquiesced in Green Hygienics' breach of the CTO.
- [3] The liability hearing took place on October 6, 2025, and the panel heard evidence from one witness, a Commission investigator. No one appeared on behalf of any respondent.
- [4] As set out in more detail in the findings:
 - a) the CTO required that all trading in the securities of Green Hygienics cease, and the CTO remained in effect throughout the period during which all of the trades which are relevant to the Notice of Hearing occurred;
 - b) for the years 2018 through 2021, either Loudoun or a company with the initials ACI (of which Loudoun was the controlling shareholder) owned and continued to own at least 50% of the shares of Green Hygienics;
 - c) Green Hygienics issued shares to individuals, corporations and other entities in 2019, 2020 and 2021 (the Treasury Shares);

- d) on December 15, 2020, Green Hygienics issued a promissory note, signed by Loudoun, to a company, valued at \$2,668,748 with an interest rate of 15% per year (December 2020 Promissory Note);
- e) on March 2, 2022, Green Hygienics issued a promissory note, signed by Loudoun, to a different company, valued at \$406,137 with an interest rate of 4.75% per year (March 2022 Promissory Note);
- f) Loudoun personally transferred 250,000 Green Hygienics shares on May 17, 2021 to an individual for \$0.50 per share;
- g) Loudoun's company, ACI, transferred 500,000 Green Hygienics shares on July 27, 2021 to an individual's trust for \$0.50 per share; and
- h) on February 24, 2020, Loudoun attested to the authenticity of the signature of an individual with the first initial S in relation to the sale of S's shares in Green Hygienics to two individuals.

[5] The executive director provided written submissions on liability to the panel. No respondent provided any submissions.

[6] We found that:

- a) Green Hygienics breached the CTO when it traded in and distributed the Treasury Shares, the December 2020 Promissory Note, and the March 2022 Promissory Note;
- b) Loudoun breached the CTO by personally transferring 250,000 shares in Green Hygienics to an individual;
- c) Loudoun did not breach the CTO by transferring 500,000 shares to an individual because the executive director had not established that Loudoun, and not ACI, owned the relevant shares;
- d) Loudoun breached the CTO by facilitating a trade in Green Hygienics shares from S to two individuals; and
- e) Loudoun authorized, permitted, and acquiesced in Green Hygienics' breaches of the CTO and, pursuant to section 168.2 of the Act, also breached the CTO.

[7] The executive director made written submissions on the appropriate sanctions in this case.

[8] This is our decision with respect to sanctions.

II. Applicable Law

[9] Liability having been established, the task before us is to craft the appropriate sanction. Our authority to do so resides in sections 161 and 162 of the Act. When crafting orders in the public interest, the Commission aims to protect investors, promote the fairness and efficiency of the capital markets, and preserve public confidence in those markets.

[10] Section 161 of the Act provides, in part:

(1) If the commission or the executive director considers it to be in the public interest, the commission or the executive director, after a hearing, may order one or more of the following:

...

(b) that

- (i) all persons,
- (ii) the person or persons named in the order, or
- (iii) one or more classes of persons

cease trading in, or be prohibited from purchasing, any securities or derivatives, a specified security or derivative or a specified class of securities or class of derivatives;

...

(d) that a person

- (i) resign any position that the person holds as a director or officer of an issuer or registrant,
- (ii) is prohibited from becoming or acting as a director or officer of any issuer or registrant,
- (iii) is prohibited from becoming or acting as a registrant or promoter,
- (iv) is prohibited from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets,
- (v) is prohibited from engaging in promotional activities by or on behalf of
 - (A) an issuer, security holder or party to a derivative, or
 - (B) another person that is reasonably expected to benefit from the promotional activity,

...

[11] Section 162 of the Act provides, in part:

(1) If the commission, after a hearing,

- (a) determines that a person has contravened,
 - (i) ... a provision of this Act...

(b) considers it to be in the public interest to make the order, the commission may order the person to pay the commission an administrative penalty of not more than \$1 million for each contravention.

...

III. Position of the executive director

- [12] The executive director submits that cease trade orders are designed to protect investors and the integrity of the capital markets. As such, they are an important regulatory tool, and the failure to comply with these orders undermines the Commission's ability to regulate the capital markets effectively. Therefore, breaches of these orders are inherently serious.
- [13] The executive director stresses that this is not a case of an inadvertent or unintentional breach. Rather, Loudoun admitted that he was aware of the CTO as early as 2017, well in advance of the contraventions established in the findings.
- [14] The executive director submits that both Loudoun and Green Hygienics were enriched by the misconduct.
- [15] Further, the executive director argues that it is reasonable for us to infer both that the value of Green Hygienics shares is minimal, given the CTO and, accordingly, that:
- a) investors who purchased shares for cash have suffered financial losses, and that
 - b) investors who received shares for past services received little or no benefit.
- [16] Given the intentional breach of the CTO, the executive director submits that Loudoun demonstrates a risk to the capital markets.
- [17] As to specific and general deterrence, the executive director says that sanctions must be sufficient to establish that both the respondents and others will be deterred from breaches of cease trade orders. Those sanctions must also be proportionate to the misconduct and surrounding circumstances.
- [18] The executive director relies particularly on two previous sanctions decisions of this Commission: *Re ecoTECH*, 2019 BCSECCOM 399 [*ecoTECH*] and *Re Loughery*, 2019 BCSECCOM 78 [*Loughery*].
- [19] In *Loughery*, the corporate respondent issued promissory notes with a value of \$170,000 to six investors in contravention of a cease trade order. The individual respondent Loughery was a de facto director or officer of the corporate respondent and had a history of regulatory misconduct. The Commission ordered sanctions:
- a) against the corporate respondent:
 - i. an administrative penalty of \$20,000,
 - ii. a variation of the existing cease trade order so that it may not be revoked until the later of five years or until the administrative penalty had been paid, and
 - iii. disgorgement of \$170,000,
 - b) against Loughery:
 - i. an administrative penalty of \$50,000, and
 - ii. broad market prohibitions until the later of six years or the date Loughery paid the administrative penalty.
- [20] In *ecoTECH*, the corporate respondent breached a cease trade order when it issued shares to 16 investors for proceeds of \$55,100 and when it issued approximately 73 million shares to 15 persons as compensation for services, at an effective price of \$0.045 per share.

- [21] The corporate respondent in *ecoTech* made a misrepresentation when it failed to inform some investors about the cease trader order, a material fact.
- [22] The Commission panel ordered five-year market prohibitions and \$20,000 administrative penalties against two officers who had been found vicariously liable for the company's contraventions. One director was found vicariously liable for the cash issuance of shares and the misrepresentation, but not for the issuance as compensation. That director received a four-year market prohibition and a \$15,000 administrative penalty.
- [23] Personal enrichment was not a factor affecting administrative penalties in *ecoTECH*. The company in *ecoTECH* remained under a cease trade order at the time sanctions were imposed, and the executive director did not seek any financial sanctions against the company because sanctions would have further harmed investors already harmed by misconduct.
- [24] The executive director submits that Loudoun's misconduct was more serious than that of the individual respondents in *ecoTECH* because:
- a) he was personally enriched where respondents in *ecoTECH* were not, and
 - b) Loudoun was found to have breached the CTO personally, where individual respondents in *ecoTECH* had not personally breached the cease trade order in that case.
- [25] As to the *Loughery* case, the executive director submits that we should impose similar sanctions here because Loudoun's misconduct was similar to Loughery's.
- [26] While Loughery had a history of securities-related misconduct, he was not personally enriched by his misconduct in the case. While Loudoun does not have a history of securities-related misconduct, he was personally enriched.
- [27] Turning to Green Hygienics, the executive director submits that a lower administrative penalty and shorter prohibitions than those ordered against Loudoun are appropriate because Loudoun was responsible for the misconduct of Green Hygienics.
- [28] As well, sanctions against Green Hygienics could theoretically penalize innocent investors, including persons who became investors in the company because of the contraventions we found to have occurred.
- [29] Against that, the executive director says that repeated contraventions of the CTO over a lengthy timeframe affecting at least 51 investors are a reason to sanction Green Hygienics to advance the regulatory goals of specific and general deterrence.
- [30] In the executive director's view, the fact that Loudoun remains a significant shareholder in Green Hygienics is also relevant to sanctions.
- [31] Finally, the executive director submits that it is in the public interest to minimize the effect of a market prohibition on shareholders who have never been an insider or control person of Green Hygienics and that this can be achieved by language in our order permitting these shareholders to sell their shares on foreign markets.
- [32] The executive director submitted it is in the public interest that we impose the following sanctions:

- a) that Loudoun resign any position he holds as a director or officer, and broad market prohibitions against Loudoun until the later of a period of six years and the date Loudoun pays an administrative penalty of \$50,000; and
- b) broad market prohibitions against Green Hygienics until the later of a period of five years and the date Green Hygienics pays an administrative penalty of \$20,000.

IV. Analysis

A. Factors

- [33] Section 161(1) orders are protective and preventative in nature and prospective in orientation. This means that when it crafts its orders, the Commission aims to protect investors, promote the fairness and efficiency of the capital markets, and preserve public confidence in those markets.
- [34] In *Re Eron Mortgage Corporation*, [2000] 7 BCSC Weekly Summary 22 at page 24, the Commission provided a non-exhaustive list of factors relevant to making orders under sections 161 and 162 of the Act:

In making orders under sections 161 and 162 of the Act, the Commission must consider what is in the public interest in the context of its mandate to regulate trading in securities. The circumstances of each case are different, so it is not possible to produce an exhaustive list of all of the factors that the Commission considers in making orders under sections 161 and 162, but the following are usually relevant:

- the seriousness of the respondent's conduct,
- the harm suffered by investors as a result of the respondent's conduct,
- the damage done to the integrity of the capital markets in British Columbia by the respondent's conduct,
- the extent to which the respondent was enriched,
- factors that mitigate the respondent's conduct,
- the respondent's past conduct,
- the risk to investors and the capital markets posed by the respondent's continued participation in the capital markets of British Columbia,
- the respondent's fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,
- the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets,
- the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
- orders made by the Commission in similar circumstances in the past.

B. Application of the factors

Seriousness of the conduct, integrity of the capital markets

- [35] We agree with the executive director that cease trade orders are an important tool to protect both investors and the integrity of our capital markets. Also, and as we noted at paragraph 32 of our findings on liability, there is no doubt that Loudoun was aware of the CTO.
- [36] Taken together, those facts establish that the misconduct in this case was serious.

Harm to investors

- [37] The executive director submits that the value of shares of Green Hygienics is likely minimal in light of the CTO and, accordingly, that it is reasonable for us to infer investor losses.

[38] There is a category of investor who is clearly affected by the respondents' misconduct: investors who acquired shares when the CTO was in place. That category of investor acquired shares as a result of the respondents' breaches of the Act. Immediately upon acquisition, and continuing to the present day, those investors could not sell their shares legally because of the existence of the CTO. We accept that those investors suffered a loss.

Enrichment of the respondents

[39] We accept that Green Hygienics was enriched because it received cash proceeds or other benefits as consideration for its issuances of shares.

[40] We also accept that Loudoun was enriched as a result of his transfer of 250,000 shares, valued at \$125,000, to an individual investor.

Aggravating factors

[41] We find no additional aggravating factors.

Mitigating factors

[42] We find no mitigating factors.

Past misconduct

[43] There is no past misconduct.

Risk to our capital markets; fitness to be a registrant or director or officer of an issuer

[44] The breaches of the CTO in this case were not inadvertent. As set out above, we found that Loudoun was aware of the CTO. We agree with the executive director that an unwillingness to comply with the directives of a regulator in a highly-regulated industry must be viewed as a significant risk to our capital markets.

[45] Loudoun's misconduct is relevant to his fitness to act as a director or officer. In short, his misconduct has compromised his fitness.

Specific and general deterrence

[46] We agree with the executive director that our sanctions must be sufficient to deter both the respondents and others from breaches of cease trade orders.

Prior orders in similar cases

[47] We have reviewed the *ecoTECH* and *Loughery* cases carefully. While they are not determinative, we agree with the executive director that these cases are instructive with respect to appropriate sanctions in this proceeding.

V. Market prohibitions and the existing CTO

[48] We note that the CTO remains in effect. It has its own terms, and any decision on whether to revoke or vary the CTO or any of its terms is not before this panel.

[49] Put another way, while the effect of the CTO can overlap with sanctions imposed after a liability hearing, the two matters are distinct. Accordingly, we are making in this decision what we see as appropriate sanctions for the misconduct established in the findings on liability.

[50] As the Commission stated in *Re Multi-Metal*, 2026 BCSECCOM 185 [*Multi-Metal*] at paragraphs 44 and 46:

...

A cease trade order is not a sanction based on misconduct, imposed after a liability hearing. It simply creates a pause in the market until an issuer files all required information under the Act, so that investors may make informed investment decisions. While the CTO does serve to protect the public in that way, it cannot take the place of a sanction that is based on proven misconduct and intended to deter future misconduct.

...

We also find it in the public interest to issue our own, parallel order prohibiting trading in securities of Multi-Metal, with terms similar to the CTO, to ensure that trading remains prohibited until Multi-Metal pays the monetary sanction in this Decision.

[51] We agree with the approach the panel took in *Multi-Metal* and find parallel orders to be appropriate in this case as well. We note that the exclusions which are explicit in our order below are not contained in the CTO. We considered whether the CTO should be varied to some extent, likely to mirror our order. We elected not to do so because there is no application before us to vary the CTO.

[52] We also agree with the executive director that it is in the public interest to minimize the effects of market prohibitions on shareholders who have never been insiders or control persons of Green Hygienics. For that reason, we have crafted our orders to permit these shareholders to sell their shares on foreign markets.

VI. Orders

[53] Considering it to be in the public interest, and pursuant to sections 161 and 162 of the Act, we order that:

Loudoun

1. under section 161(1)(d)(i) of the Act, Loudoun resign any position he holds as a director or officer of any issuer or registrant;
2. Loudoun is prohibited until the later of June 12, 2032 and the date the amount referred to in paragraph 53(3) below has been paid:
 - a) under section 161(1)(d)(ii) of the Act, from becoming or acting as a director or officer of any issuer or registrant;
 - b) under section 161(1)(d)(iii) of the Act, from becoming or acting as a registrant or promoter;
 - c) under section 161(1)(d)(iv) of the Act, from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets; and
 - d) under section 161(1)(d)(v) of the Act, from engaging in promotional activities by or on behalf of an issuer, security holder or party to a derivative, or another person that is reasonably expected to benefit from the promotional activity; and
3. Loudoun pay to the Commission an administrative penalty of \$50,000 under section 162 of the Act;

Green Hygienics

4. under section 161(1)(b)(i), that all persons cease trading in the securities of Green Hygienics until the later of June 12, 2031 and the date the amount referred to in paragraph 53(6) below has been paid;
5. despite the order above, a beneficial securityholder of Green Hygienics who is not, and has never been, an insider or control person of Green Hygienics, may sell securities of Green Hygienics acquired before the date of this order if both of the following apply:
 - a) the sale is made through a “foreign organized regulated market”, as defined in section 1.1 of the Universal Market Integrity Rules of the Canadian Investment Regulatory Organization; and
 - b) the sale is made through an investment dealer registered in a jurisdiction in Canada in accordance with applicable securities legislation; and
6. Green Hygienics pay to the Commission an administrative penalty of \$20,000 under section 162 of the Act.

June 12, 2026

For the Commission

Gordon Johnson
Vice Chair

Noordin Nanji, KC
Commissioner

Douglas Seppala
Commissioner

The orders made against Green Hygienics Holdings Inc. and Ronald Wayne Loudoun in this matter may automatically take effect against them in other Canadian jurisdictions, without further notice to them.