

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

Citation: Re Green Hygienics Holdings Inc., 2026 BCSECCOM 70

Date: 20260304

Green Hygienics Holdings Inc. and Ronald Wayne Loudoun

Panel	Gordon Johnson Noordin Nanji, KC Douglas Seppala	Vice Chair Commissioner Commissioner
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Hearing date October 6, 2025

Submissions completed October 31, 2025

Date of findings March 4, 2026

Appearing
Amir Ghorbani For the Executive Director

Findings

I. Introduction

- [1] This is the liability portion of a hearing under sections 161, 162 and 174 of the *Securities Act*, 1996, c. 418 (Act).
- [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] A Commission investigator testified at the liability hearing. No one appeared on behalf of any respondent.
- [4] The liability hearing was followed by written submissions and also, on October 6, 2025, by oral submissions.

II. Factual Background

- [5] Green Hygienics was incorporated on June 12, 2008, in Nevada as Silver Bay Resources Inc. After an initial name change, it changed its name again to Green Hygienics on July 24, 2012.
- [6] On October 13, 2011, staff of the Commission advised Green Hygienics that it was a reporting issuer in British Columbia.

- [7] On November 18, 2014, the executive director issued the CTO against Green Hygienics. The order was then emailed to the individual who was the president, secretary, treasurer and director of Green Hygienics.
- [8] The CTO required that all trading in the securities of Green Hygienics cease until Green Hygienics filed certain records and the executive director revoked the CTO. The CTO remained in effect throughout the period during which all of the trades occurred which are relevant to the Notice of Hearing.
- [9] Green Hygienics appointed Loudoun as its director, President and CEO on June 3, 2017. As of July 31, 2017, Loudoun was Green Hygienics' only director.
- [10] For the years 2018 through 2021, Green Hygienics disclosed the number of shares beneficially owned by its directors and officers. In each of those years the disclosure made by Green Hygienics establishes that 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.
- [11] As authorized by corporate resolutions or issuance instruction forms signed by Loudoun, Green Hygienics issued shares to individuals, corporations and other entities on October 22, 2019, February 20, 2020, July 14, 2020, September 23, 2020, September 29, 2020, November 20, 2020, February 17, 2021, May 4, 2021, May 13, 2021, June 8, 2021, and November 7, 2021 (the Treasury Shares).
- [12] On December 15, 2020, Green Hygienics issued a promissory note, signed by Loudoun, to a company (December 2020 Promissory Note). The December 2020 Promissory Note was for \$2,668,748 and included interest at an annual rate of 15%.
- [13] The December 2020 Promissory Note purports to be secured against real property located in San Diego County, California.
- [14] 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).
- [15] Loudoun personally transferred 250,000 Green Hygienics shares on May 17, 2021 to an individual for \$0.50 per share.
- [16] Loudoun's company, ACI., transferred 500,000 Green Hygienics shares on July 27, 2021 to an individual's trust for \$0.50 per share.
- [17] 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.
- [18] In total, Green Hygienics issued Treasury Shares to 50 persons (including Loudoun), two of whom were BC residents. Another nine investors were residents of other Canadian provinces. The total value of the consideration for the Treasury Shares was \$5,445,862.73.

[19] Loudoun resigned as “Chief Executive Officer, President, Treasurer, Secretary and Director” of Green Hygienics on November 4, 2022.

[20] Overall, the executive director alleges that between October 2019 and March 2022 (the Relevant Period):

- a) Green Hygienics breached the CTO by distributing Treasury Shares to individuals and by issuing the December 2020 Promissory Note and the March 2022 Promissory Note), and
- b) Loudoun breached the CTO by selling Green Hygienics shares personally and through a corporation that he controlled and by acting in furtherance of other trades, including distributions, in Green Hygienics shares.

III. Standard of Proof

[21] The standard of proof is proof on a balance of probabilities. In *F.H. v. McDougall*, 2008 SCC 53 (CanLII), the Supreme Court of Canada held, at paragraph 49:

In the result, I would reaffirm that in civil cases there is only one standard of proof and that is proof on a balance of probabilities. In all civil cases, the trial judge must scrutinize the relevant evidence with care to determine whether it is more likely than not that an alleged event occurred.

[22] The Court also held at paragraph 46 that the “evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test”.

IV. Issues and Analysis

[23] All of the allegations made in the Notice of Hearing can be resolved by answering the following questions in the following sequence:

- a) Do we have jurisdiction over the transactions in question?
- b) Did Loudoun have knowledge of the CTO?
- c) Were the shares, including the Treasury Shares, “securities”?
- d) Were the issuances of promissory notes issuances of securities?
- e) Were the issuance of the Treasury Shares and promissory notes “trades” and “distributions”?
- f) Were the transfer of shares by Loudoun and ACI “trades”?
- g) Was Loudoun’s conduct in attesting to the authenticity of S’s signature sufficient to establish an act in furtherance of a trade in securities?
- h) Is Green Hygienics liable for breaching the CTO regarding the issuance of the Treasury Shares and promissory notes?
- i) Is Loudoun liable for breaching the CTO regarding the transfers by himself and ACI?
- j) Is Loudoun liable under section 168.2 of the Act?

a) Jurisdiction

[24] The executive director has assembled a significant body of circumstantial evidence to support the propositions that Loudoun was the controlling mind of Green Hygienics during the Relevant Period and that, during the same period, Loudoun primarily resided in British Columbia.

- [25] The executive director relies on BC Interpretation Note 72-702, Distribution of Securities to Persons Outside of British Columbia and *Jung (Re)*, 2008 BCSECCOM 588 for the proposition that a distribution occurs in British Columbia when shares are issued to investors outside the province and acts in furtherance of those trades have been performed in British Columbia.
- [26] It may be that our jurisdiction could be established on other grounds in addition to the ground that breaches directed from British Columbia, if established, will suffice. But we need not consider other grounds because we agree that the executive director's proposition is correct on the law.
- [27] The executive director summarizes the evidence regarding Loudoun's residence during the Relevant Period as follows:
- a) Loudoun executed a residential tenancy agreement for an apartment in Vancouver on July 26, 2017. The tenancy had a start date of August 15, 2017. The term of the tenancy was for one year with a stipulation that the tenancy would continue on a month-to-month basis after one year.
 - b) Loudoun executed a residential tenancy agreement for another apartment in Vancouver on August 18, 2021. The tenancy had a start date of September 1, 2021. The term of the tenancy was for one year with a stipulation that the tenancy would continue on a month-to-month basis after one year.
 - c) ICBC records show that Loudoun resided in West Kelowna, BC between November 10, 2015 and December 20, 2018. The records show his address as the first Vancouver apartment between December 21, 2018 and October 1, 2021. From October 2, 2021 to the date of the records check, July 19, 2024, Loudoun's address appears as the second Vancouver apartment.
 - d) Records obtained from TELUS Mobility for Loudoun's cellphone show his address as a postal box in Vancouver.
- [28] That evidence is sufficient to establish, on a balance of probabilities consistent with *McDougall*, that Loudoun was primarily resident in British Columbia during the Relevant Period.
- [29] As our summary of the factual background demonstrates, there is also sufficient evidence to establish that Loudoun was directing the affairs of Green Hygienics. Loudoun was, directly or through his company, the majority owner of Green Hygienics, and he was the sole director, he was the president and CEO, and he was at times the treasurer and secretary as well. Other evidence which we have not included in the summary demonstrates that Loudoun was active in all activities related to the finances of Green Hygienics.
- [30] We conclude that the actions of Green Hygienics and Loudoun during the Relevant Period were conducted from British Columbia, and that we have jurisdiction accordingly.
- b) Loudoun's knowledge**
- [31] Loudoun was interviewed twice by Commission investigators regarding the events leading to this proceeding. His evidence regarding his knowledge of the CTO is as follows:

Q Okay. All right. We'll move on to BCSC000248 on page 6 of Exhibit 1. So on November 18th, 2014, the BCSC issued a cease trade order against the company and the CTO prohibits all trading of the securities of the company in BC until the company files the required records or the executive director revokes the order. This CTO is still active. Are you aware of the CTO, Mr. Loudoun?

A Yes.

Q When did you first become aware of it?

A When I took over the company, I actually spent about \$80,000 bringing the filings current and filed with SEDAR and the BCSC to bring the filings current to remove the cease trade order. And they sent me an initial letter at that time, a request for answers to some items.

Q Did you provide the response?

A No, I did not.

[32] There is no doubt that Loudoun was aware of the CTO.

c) Shares as securities

[33] The definition of securities in the Act explicitly includes shares. Our analysis of this issue does not need to go any further.

d) Promissory notes as securities

[34] The leading case in British Columbia regarding whether or not promissory notes are securities is *Cook (Re)*, 2017 BCSECCOM 136. The panel in that case reasoned as follows:

[105] The definition of “security” under the Act includes reference to “a bond, debenture, note or other evidence of indebtedness ...”

[106] On a plain reading of that definition, all of the promissory notes would clearly qualify as either “notes” or “evidences of indebtedness”.

[107] However, the respondents submit that the decisions in *Ontario Securities Commission v. Tiffin*, 2016 ONCJ 543 and in *Aviawest Resorts Inc. (Re)*, 2013 BCSECCOM 319 should lead us to the conclusion that the promissory notes were not “securities” for the purposes of the Act, but rather belong to a class of commercial or, as they refer to them, non-security notes.

[108] The executive director acknowledges that the decision in *Pacific Coast Coin Exchange v. Ontario (Securities Commission)*, [1978] 2 S.C.R. 112 sets out that a purposive approach may also be required in interpreting the meaning of “security” under the Act. In particular, form should be disregarded for substance, and that the emphasis should be on the economic reality of the instrument in question.

[109] The British Columbia Court of Appeal in *British Columbia (Securities Commission) v. Gill*, 2003 BCCA 169 and the court in *Tiffin* both considered the United States Supreme Court decision, *Reves v. Ernst & Young*, 494 U.S. 56 (1990), [1990] SCT-QL1056 in applying a purposive approach to the definition of “security”.

[110] In *Reves*, the court considered the scope of the word “note” in the context of securities law and set out a rebuttable presumption that any “note” or “evidence of indebtedness” is a security. The court listed four factors which were relevant in determining whether the instrument was a security:

- a) the motivation that would prompt a reasonable seller and buyer to enter the transaction: if the seller’s purpose is to raise money for general business purposes and the buyer’s purpose is to profit from the returns the instrument is expected to generate, the instrument is likely a security;
- b) the intended distribution of the instrument: if it is one in which there will be “common trading for speculation or investment” it is likely a security;
- c) the reasonable expectations of the investing public: the more the public expects that an instrument will be a security and thereby regulated by the securities laws, the more likely it is a security; and
- d) the existence of another regulatory regime: if there is no other regulatory regime that significantly reduces the risk of the instrument, thereby rendering securities regulation necessary, the more likely it is a security.

...

[112] We agree that the purposive analysis starts from a framework that there is a rebuttable presumption that promissory notes are securities. It is a very strong presumption that unsecured, high interest bearing, promissory notes are securities.

[35] We do not have much information before us regarding the context for the two promissory notes in question in this proceeding. The legal presumption is that the notes are securities. We have not been shown any basis to rebut the presumption. As a result, we conclude that the notes are securities as alleged.

e) Were the issuance of the Treasury Shares and promissory notes “trades” and “distributions”

[36] The definition of trade in the Act explicitly includes a disposition of a security for valuable consideration. The Act also defines trade to include any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the activities specified as trading.

[37] We conclude that the issuance of the Treasury Shares and the two promissory notes were trades by Green Hygienics.

[38] The definition of distribution in the Act explicitly includes a trade in a security that has not been previously issued. We conclude that the issuance of the Treasury Shares and the two promissory notes were distributions by Green Hygienics. Accordingly, and consistent with BC Interpretation Note 72-702 which addresses distributions by an issuer with connections to British Columbia, the Act applies to Green Hygienics’ transactions, regardless of the location of the recipients of the securities.

f) Were the transfer of shares by Loudoun and ACI “trades”?

[39] In the CTO, the executive director ordered that all trading in the securities of Green Hygienics cease. As set out above, each of Loudoun and ACI transferred shares at a price of \$0.50 per

share. These transactions clearly fall within the definition of trade in the Act. We conclude that the transfers of shares by Loudoun and ACI were trades.

g) Act in furtherance of a trade

[40] In *Liquitrade Ltd.*, 2024 BCSECCOM 292 at para. 65, the Commission cited *Re Liu*, 2018 BCSECCOM 372 to summarize the basic principles with respect to what specific conduct might constitute “acts in furtherance of a trade”:

- a) that the definitions of a “trade” and “acts in furtherance” of a trade are purposively broad and include direct and indirect conduct;
- b) assessing whether conduct fits within these definitions must be assessed according to the specific facts and circumstances of each case;
- c) in evaluating whether an act is “in furtherance” of a trade, consideration should be given to whether the conduct was proximately connected to an actual trade in a security; and
- d) there is a considerable body of regulatory decisions in which specific conduct has been held to be an “act in furtherance” of a trade.

[41] The conduct of Loudoun which is alleged to be an act in furtherance of a trade is his attestation of S’s signature. The purpose of the attestation was clearly to facilitate a trade of shares from S to two other individuals, and that trade was in violation of the CTO.

[42] The trade was very much “proximately connected to an actual trade in a security.” Not only did the conduct directly facilitate the trade, the purpose of the conduct was only to facilitate the trade.

[43] We conclude that this allegation is proven.

h) Liability of Green Hygienics

[44] Given our conclusions above about the awareness which Green Hygienics’ representative had about the CTO and about the trades of the Treasury Shares and promissory notes which were implemented by Green Hygienics, the liability of Green Hygienics is proven.

i) Share Transfers and direct liability of Loudoun

[45] The executive director alleges that Loudoun personally breached the CTO. Two specific trades are identified.

[46] On May 17, 2021, Loudoun transferred 250,000 of his own shares in Green Hygienics to an individual. There is no doubt that the CTO was in effect at that time and Loudoun was aware of it. That was a breach of the CTO by Loudoun.

[47] On July 27, 2021, ACI, Loudoun’s company, transferred 500,000 shares in Green Hygienics to an individual. There are some indications that Loudoun was the beneficial owner of such shares in the form of the disclosures by Green Hygienics which listed the ACI shares as shares beneficially owned by Loudoun. However, we do not have confidence that the standards for disclosing shares as beneficially owned for the purposes of the disclosure made at the time are the same as we should apply here. It may well have been advisable for Green Hygienics to disclose the ACI shares as beneficially owned by Loudoun at the time because he controlled the company which owned the shares. This does not, by itself, establish that Loudoun, and not ACI,

owned the shares. It does not establish on a balance of probabilities that Loudoun personally sold the shares.

[48] Personal liability is established against Loudoun for the May 17, 2021 share sale which he personally made, but not for the July 27, 2021 share sale made by ACI.

j) Liability of Loudoun under section 168.2

[49] Given our conclusions above about the degree of control which Loudoun exercised regarding the operations of Green Hygienics, and particularly regarding its financing activities, and even more particularly in relation to his signatures on the key documents which authorized the issuances of securities, we conclude that Loudoun authorized, permitted and acquiesced in Green Hygienics' breaches of the CTO. He is liable under section 168.2 of the Act.

V. Summary of Conclusions

[50] In conclusion, we find that in the Relevant Period:

- 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 transferring 250,000 shares in Green Hygienics personally to an individual;
- c) Loudoun did not breach the CTO by transferring 500,000 shares to an individual because the executive director has 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.

VI. Submissions on Sanction

[51] We direct the executive director and the respondents to make his submissions on sanctions as follows:

By March 26, 2026

The executive director delivers submissions to the respondents and the Commission Hearing Office.

By April 10, 2026

The respondents deliver response submissions to the executive director, the other respondents and the Commission Hearing Office.

Any party seeking an oral hearing on the issue of sanctions so advises the Commission Hearing Office. The hearing officer will contact the parties to schedule the

hearing as soon as practicable after the executive director delivers reply submissions (if any).

By April 17, 2026

The executive director delivers reply submissions (if any) to the respondents and to the Commission Hearing Office.

March 4, 2026

For the Commission

Gordon Johnson
Vice Chair

Noordin Nanji, KC
Commissioner

Douglas Seppala
Commissioner