



Citation: 2023 BCSECCOM 96

Amended Notice of Hearing

PreveCeutical Medical Inc. and Stephen Van Deventer

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:

Summary

1. PreveCeutical made a misrepresentation in a news release by announcing the amount it raised in a financing but not disclosing that it had already spent or owed about half of the funds on consultants.
2. PreveCeutical filed a material change report that contained the same misrepresentation as the news release.
3. Van Deventer was a director and officer of PreveCeutical when it issued the news release and the material change report and by authorizing, permitting or acquiescing in PreveCeutical's contraventions, he contravened the same provisions that it did.

Background

4. PreveCeutical is a health sciences company based in Vancouver, British Columbia. It is a reporting issuer in British Columbia and its shares trade on the Canadian Securities Exchange.
5. Van Deventer is a resident of Vancouver, British Columbia. He was the chair, CEO, president and a director of PreveCeutical when it made the misrepresentation.

Misconduct

June 29, 2018 news release

6. On April 9, 2018, PreveCeutical announced a \$4 million private placement and that the proceeds would be used to fund the company's research and development programs and for general working capital.
7. On June 25, 2018, PreveCeutical announced that it expected that the \$4 million private placement would be oversubscribed due to higher than expected investor interest.



8. On June 29, 2018, PreveCeutical announced that it had closed the private placement for gross proceeds of \$6,539,987.50. PreveCeutical did not disclose that it would only retain \$3,342,090.11, about 51% of the amount raised, because it:
 - had already spent \$2,924,406.14 of the funds on consulting fees, and
 - owed \$273,491.25 of the funds in additional consulting fees.
9. By announcing the proceeds from the private placement but failing to disclose that it would retain about 51%, PreveCeutical made a statement to investors that it knew, or ought reasonably to have known, was a misrepresentation contrary to section 50(1)(d) of the Act.
10. PreveCeutical filed a material change report containing the same misrepresentation. In doing so, it made a statement or provided information in a record filed under this Act that in a material respect was false or misleading, contrary to section 168.1(1)(b) of the Act.
11. While he was a director and officer of PreveCeutical, Van Deventer authorized, permitted or acquiesced in PreveCeutical's contravention of section 50(1)(d) and section 168.1(1)(b) and therefore, by operation of section 168.2 of the Act, he also contravened those same provisions.

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 **Thursday, April 14, 2022 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 Hearing Office at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: hearingoffice@bcsc.bc.ca.
- ¶ 4 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.



- ¶ 5 Orders made against you in this matter may automatically take effect against you in other Canadian jurisdictions, without further notice to you.

Peter J. Brady
Feb 28 2023 1:20 PM -08:00

- ¶ 6 Peter J. Brady
Executive Director