

Citation: 2023 BCSECCOM 398

Settlement Agreement

David Andrew Schramm

Securities Act, RSBC 1996, c. 418

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and David Andrew Schramm (Schramm) agree as follows:

Agreed Statement of Facts

1. Schramm is a resident of British Columbia.
2. Schramm was registered under the Act as an investment advisor from 1994 to 1996 and to sell mutual funds from 1996 to 2004. Schramm was not registered under the Act in any capacity during the relevant period.

Misconduct

3. Between January 2017 and December 2019, Schramm was in the business of advising and trading in securities without being registered contrary to sections 34(a) and 34(b) of the Act.
4. Schramm traded for and advised 29 people most of whom were longtime friends. More specifically, he:
 - (a) obtained documented trading authorizations for their accounts and executed trades in their accounts after consulting with them;
 - (b) regularly updated them on their portfolios and discussed their investment goals with them; and
 - (c) received honorarium payments from them that usually amounted to 1 percent of their total portfolio value per annum.

Factors Relevant to Settlement

5. None of the people Schramm traded for and advised filed complaints and there is no evidence of investor harm or losses or that Schramm recommended unsuitable investments.
6. Schramm did not take steps to hide his misconduct.
7. Schramm has provided information to the Executive Director demonstrating compelling personal circumstances which include an inability to pay a monetary amount that would normally form part of a settlement for the admitted misconduct.

8. Schramm has no prior history of securities regulatory misconduct.

Mitigating Factors

9. Schramm cooperated with the Executive Director's investigation including by attending for a voluntary interview prior to the issuance of the Investigation Order.

10. Schramm made the admissions set out in this agreement before a hearing, which has resulted in a savings of time and cost.

Public Interest

11. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

Undertaking(s)

13. Schramm undertakes to pay \$20,000 to the 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 Schramm is prohibited for 20 years:

- (a) under section 161(1)(b)(ii), from trading in any securities or derivatives, except that Schramm may trade in accounts in his own name with a person registered to trade in securities under the Act if Schramm has first provided the registered representative with a copy of the Order before any trade takes place;
- (b) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
- (c) under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives market;
- (d) under section 161(d)(v), 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
- (e) under section 161(1)(d)(vi), from engaging in promotional activities of Schramm's own behalf in respect of circumstances that would reasonably be expected to benefit him.

Consent to Regulatory Orders

¶ 3 Schramm 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 paragraph ¶2 above.

Waiver

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

Counterpart

- ¶ 5 This Settlement Agreement may be signed in counterpart and all such counterparts of signed copies, whether delivered electronically or otherwise, shall be read or construed together as if they formed one originally executed document.

- ¶ 6 August 12, 2023

- ¶ 7 David Andrew Schramm)
David Andrew Schramm)
)
Redacted)
Witness Signature)
Redacted)
Witness Name (please print))
Redacted)
Redacted)
Address)
Redacted)
Occupation)

Peter J Brady
08/22/2023 | 7:31 AM PDT

- ¶ 8 Peter J. Brady
Executive Director