

Citation: 2023 BCSECCOM 448

## Settlement Agreement

### Lenis Medicals Ltd. and Hassan Seyed Salari

#### *Securities Act, RSBC 1996, c. 418 (the Act)*

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director), Lenis Medicals Ltd. (Lenis) and Hassan Seyed Salari (Salari) agree as follows:

#### **Agreed Statement of Facts**

##### ***Background***

1. Lenis was a federal company, extra-provincially registered in British Columbia. Due to failure to file annual reports, it was dissolved on November 5, 2022, and its registration in British Columbia was canceled on July 3, 2023.
2. At all relevant times, Lenis was a medical device company whose only product was a needle-free injector (the Device), which used high-velocity mechanical power to inject medication below the skin.
3. Salari is a resident of Vancouver, British Columbia. At all relevant times, Salari was Lenis' controlling shareholder and sole officer and director.
4. Lenis and Salari have no prior history of disciplinary proceedings under the Act.

##### ***Misconduct***

5. In May 2018, Lenis issued a private placement memorandum (the PPM) to raise money from investors. Between August 2018 and October 2018, Lenis raised approximately \$1.9 million from 11 investors using the PPM.
6. The PPM contained the following untrue statements of material fact or omissions to state a material fact:
  - (a) The PPM included a financial statement for Lenis that listed as a company asset the Device's "Patent Value at Cost" at \$4.3 million. However, at no relevant time was a patent for the Device issued. Rather, Salari had only filed a patent application for the Device. Further, there was no reasonable basis to list the cost value of the rights to the patent application at \$4.3 million.

- (b) The financial statement in the PPM disclosed that Lenis had liabilities of \$270,000 but failed to disclose that the company had substantial additional liabilities totaling approximately \$1 million.
  - (c) The PPM stated that Lenis would use the proceeds of the offering for commercialization of the Device, specifically on inventory and manufacturing components. However, Lenis ultimately used a portion of the proceeds for purposes not disclosed to investors.
  - (d) The PPM stated that Lenis had “initiated” registration of the Device with the United States Food and Drug Administration (the U.S. FDA) and that the Device was “proposed as Class I with the U.S. FDA.” However, Lenis had not filed any application or made any submissions to the U.S. FDA to have the Device registered.
7. By engaging in the above conduct, Lenis made statements to investors that it reasonably ought to have known were misrepresentations contrary to section 50(1)(d) of the Act.
8. Salari prepared the PPM on behalf of Lenis. He therefore authorized or permitted Lenis’ contravention of section 50(1)(d) of the Act and contravened the same provision by operation of section 168.2 of the Act.

***Facts Relevant to Settlement***

9. In June 2019, an Arizona-based company (the Purchaser) purchased Lenis’ business. As a result of this transaction, the Investors either exchanged their securities of Lenis for units of the Purchaser or had their investments repaid.

***Mitigating Factors***

10. It is a significant mitigating factor that Lenis and Salari entered into this settlement and allowed the Commission to avoid a potentially lengthy hearing to determine liability.

***Public Interest***

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

***Undertaking***

13. Lenis and Salari jointly and severally undertake to pay \$70,000 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:
1. under section 161(1)(d)(i), Salari resign any position he holds as a director or officer of an issuer or registrant, except that:
    - (a) he may remain as a director or officer of Ensure Holdings Ltd., an unregistered issuer of which his family's trust is the sole shareholder; and
    - (b) regarding Lenis, the resignation requirement takes effect 30 days from the date of the Order; and
  2. Salari is prohibited for seven years:
    - (a) under section 161(1)(c), from relying on any exemptions in the Act, the regulations or a decision;
    - (b) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant, except that:
      - (i) he may remain as a director or officer of Ensure Holdings Ltd., an unregistered issuer of which his family's trust is the sole shareholder; and
      - (ii) regarding Lenis, the prohibition takes effect 30 days from the date of the Order;
    - (c) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
    - (d) under section 161(1)(d)(iv), from acting in a management or consultative capacity in connection with activities in the securities or derivatives markets;
    - (e) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of:
      - (i) an issuer, a security holder or party to a derivative; or
      - (ii) another person that is reasonably expected to benefit from the promotional activity; and
    - (f) under section 161(1)(d)(vi), from engaging in promotional activities on his own behalf in respect of circumstances that would reasonably be expected to benefit him.

**Consent to Regulatory Orders**

¶ 3 Lenis and Salari consent to regulatory orders 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 Lenis and Salari waive any right they 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 September 14, 2023

¶ 7 Lenis Medicals Ltd.  
**Lenis Medicals Ltd.**  
(Signing Authority)

Redacted )  
Witness Signature )  
Redacted )  
Witness Name (please print) )  
Redacted )  
 )  
Redacted )  
Address )  
Redacted )  
Occupation )

---



---

¶ 8 September 14, 2023

¶ 9 Hassan Seyed Salari  
**Hassan Seyed Salari**

Redacted )  
Witness Signature )  
Redacted )  
Witness Name (please print) )  
Redacted )  
Redacted )  
Address )  
Redacted )  
Occupation )

*Peter J Brady*  
10/18/2023 | 11:08 AM PDT

¶ 10 Peter J. Brady  
Executive Director