

Citation: 2023 BCSECCOM 453

Settlement Agreement

Cameron Robert Paddock and Rockshore Advisors Ltd.

Securities Act, RSBC 1996, c. 418

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Cameron Robert Paddock (Paddock) and Rockshore Advisors Ltd. (Rockshore) agree as follows:

Agreed Statement of Facts

Background

1. Paddock is a resident of North Vancouver, British Columbia and at the relevant time was the sole owner and director of Rockshore, which was formerly known as Cam Paddock Enterprises.
2. Paddock and Rockshore are respondents in an Amended Notice of Hearing dated April 28, 2021 (BCSECCOM 164) (the Amended NOH).

Conduct contrary to the public interest

3. Rockshore participated as both a placee and a consultant for a total of seven private placements by six issuers identified in the Amended NOH.
4. In each instance, Rockshore obtained free trading shares through the issuer's reliance on the consultant exemption to the prospectus requirement in section 2.24 of National Instrument 45-106 and sold all of those shares in the market immediately or shortly after receipt of the issuer's shares, often for a lesser share price than it paid to acquire the shares. However, Rockshore's consulting fees offset the acquisition cost of its private placement shares.
5. Rockshore's pattern of acquiring and selling shares in this manner was abusive to the capital markets.

Insider trading

6. In each of the private placements the issuer retained only a portion of the private placement proceeds because they paid most of the proceeds to consultants as prepaid consulting fees shortly before or after the private placements.
7. The fact that most of the funds raised in the private placements were paid out to consultants was a material fact or change with respect to each of the Issuers (the Material Information).

8. Rockshore entered into transactions involving securities of issuers “D” and “E” with knowledge of the Material Information and at a time when the Material Information had not been generally disclosed. Rockshore purchased shares of issuer “D” for \$2,000,000 and sold them for \$1,518,343. Rockshore purchased shares of issuer “E” for \$1,225,000 and sold them for \$1,006,743.
9. At the time of the transactions, Rockshore was a consultant to issuers “D” and “E” and as such was in a special relationship with them. Rockshore received \$500,000 in consulting fees from Issuer “D” and \$472,500 in consulting fees from Issuer “E”.
10. At the time of the transactions, Rockshore did not appreciate that the Material Information constituted a material fact or change.
11. By entering into transactions involving securities of issuers “D” and “E” while in a special relationship with them and with knowledge of the undisclosed Material Information, Rockshore contravened section 57.2(2) of the Act.
12. As Rockshore’s director, Paddock authorized or permitted its contraventions of the Act and therefore contravened the same provision by operation of section 168.2 of the Act.

Factors relevant to settlement

13. Paddock and Rockshore made the admissions set out in this agreement prior to the commencement of the hearing of this matter.
14. Paddock and Rockshore have no prior securities disciplinary history.

Public Interest

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

Undertaking(s)

16. Rockshore and Paddock undertake to jointly pay \$200,000 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 orders under section 161(1) of the Act (the Order) that:

1. Paddock is prohibited for a period of 10 years:

- (a) Under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that he may trade and purchase securities or derivatives in his own account through a registered dealer or registrant, provided he gives the registered dealer or registrant a copy of the Order before making any trades or purchases;
 - (b) under section 161(1)(c), from relying on any exemptions in the Act, the regulations or a decision;
 - (c) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;
 - (d) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
 - (e) 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 markets;
 - (f) under section 161(1)(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
 - (g) under section 161(1)(d)(vi), from engaging in promotional activities on the person's own behalf in respect of circumstances that would reasonably be expected to benefit the person.
2. Rockshore is prohibited for a period of 10 years:
- (a) Under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives;
 - (b) under section 161(1)(c), from relying on any exemptions in the Act, the regulations or a decision;
 - (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 markets; and
 - (d) under section 161(1)(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.

Consent to Regulatory Orders

- ¶ 3 Paddock and Rockshore consent 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.

Purpose

- ¶ 4 Rockshore and Paddock have entered into this agreement to resolve the enforcement proceeding commenced against them in the Amended NOH and for the purpose of any regulatory Orders made under paragraph ¶ 3 by any provincial or territorial securities regulatory authority in Canada, but not for any other purpose.

Waiver

- ¶ 5 Paddock and Rockshore 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

- ¶ 6 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.

- ¶ 7 September , 2023

- ¶ 8 Cameron Robert Paddock
Cameron Robert Paddock

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

¶ 9 Cameron Robert Paddock
Rockshore Advisors Ltd.
(Per Cam Paddock
Signing Authority)

Redacted)

Witness Signature)

Redacted)

Witness Name (please print))

Redacted)

Redacted)

Address)

Redacted)

Occupation)

Peter J Brady
9/25/2023 | 3:37 PM PDT

¶ 10 Peter J. Brady
Executive Director