

Citation: 2025 BCSECCOM 139

Settlement Agreement

NetCents Technology Inc.

Securities Act, RSBC 1996, c. 418

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and NetCents Technology Inc. (NetCents) agree as follows:

Agreed Statement of Facts

Background

1. NetCents is a payment processing company incorporated and headquartered in Vancouver, British Columbia.
2. During the relevant period, NetCents's shares traded on the Canadian Securities Exchange. The Commission issued a cease trade order (CTO) against NetCents on May 10, 2021. The CTO remains effective as of the date of this agreement.
3. NetCents has no history of securities regulatory misconduct in British Columbia.

Misconduct

Illegal Distribution

4. NetCents created a crypto-asset called the NetCents Coin (the Coin) and, between September 19, 2017 and December 14, 2017, sold the Coin to approximately 500 investors, within and outside British Columbia, for total proceeds of \$3,341,040.91 (the Proceeds). The Proceeds have been preserved since November 27, 2018 pursuant to a Commission order to freeze property under section 151(2) of the Act.
5. The Coin was an investment contract and therefore a security as defined in the Act.
6. In breach of section 61 of the Act, NetCents sold the Coin without a prospectus and without relying on an exemption from the prospectus requirement.

Misrepresentations

Claims about the NCC Organization or the NCC Foundation

7. NetCents published a white paper on its website from October 10, 2017 until at least December 19, 2017 that claimed it was working with an independent non-profit organization called the NetCents Coin Organization (NCC Organization) to assist with the launch of the Coin, which the NCC Organization was issuing. The white paper further claimed that NCC Organization would manage the network of nodes for Coin transaction authorizations and that the proceeds from the sales of the Coin would remain in NCC Organization's treasury reserve account for the benefit of all Coin holders.

8. From November 6, 2017 until at least March 22, 2018, NetCents maintained a website which purported to be NCC Organization's website (Foundation Website).
9. The Foundation Website claimed it was a non-profit organization called the NetCents Coin Foundation (NCC Foundation), whose mission was to develop, administer, promote and maintain the Coin on behalf the community of Coin holders. The Foundation Website further claimed that two of its key roles were to release treasury Coins according to a release schedule and administer NCC Foundation's reserve account.
10. In fact, neither the NCC Organization nor the NCC Foundation, nor any similar independent entity existed during the distribution period and therefore they could not have done any of the things NetCents claimed they did.
11. All proceeds from sales of the Coin went to NetCents.

News releases about Coin sales

12. NetCents issued a news release on November 27, 2017 which stated that, as of that date, the first tranche of Coins had been completely sold and half of the second tranche of Coins had also already been purchased.
13. NetCents issued another news release on November 30, 2017 which stated that the first and second tranches of the Coin had been completely sold out and that, on that date, the third tranche of the Coin was selling and the Coin's value had quadrupled.
14. In fact, neither the first nor second tranches of the Coin had been sold out before either news release.

Monthly income claim on YouTube

15. NetCents published and maintained a video on YouTube from January 19, 2017 until at least September 29, 2019.
16. The video stated that NetCents had "a monthly revenue of \$100,000 and growing." In fact, NetCents' own financial disclosure indicated that its revenue for the entire fiscal year 2017 was less than \$100,000.
17. By engaging in the conduct described in paragraphs 4-16 above, NetCents made statements to investors that it knew, or ought reasonably to have known, were misrepresentations contrary to section 50(1)(d) of the Act.

Unrecognized exchange

18. On December 4, 2017, NetCents established an online exchange where customers opened accounts and submitted orders to buy and sell the Coin.

19. NetCents never applied to the Commission pursuant to section 24 of the Act to have the exchange recognized and the Commission never recognized NetCents's exchange.
20. NetCents contravened section 25 of the Act by carrying on business as an exchange that the Commission had not recognized under section 24.

Facts Relevant to Settlement

21. NetCents's directors and officers at the time of the contraventions have all ceased to be directors and officers and are no longer involved with the management of the company.

Mitigating Factors

22. It is a significant mitigating factor that NetCents entered into this settlement and allowed the Commission to avoid a hearing to determine liability.

Public Interest

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

Order

¶ 2 The Executive Director will issue an order (the Order) that:

1. NetCents is permanently prohibited:
 - (a) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives;
 - (b) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
 - (c) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of:
 - (i) an issuer, security holder or party to a derivative, or
 - (ii) another person that is reasonably expected to benefit from the promotional activity;
 - (d) under section 161(1)(d)(vi), from engaging in promotional activities on its own behalf in respect of circumstances that would reasonably be expected to benefit it; and
2. under 161(1)(g) of the Act, NetCents pay the Proceeds, along with any interest earned on the Proceeds from the period of November 27, 2018 to the date of

payment, to the Commission which sum is due and payable immediately without further demand.

Consent to Regulatory Orders

- ¶ 3 NetCents 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 NetCents waives any right it 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 April 10, 2025

- ¶ 7 Jason Dukowski
NetCents Technology Inc.
(Per Jason Dukowski)

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

Peter J Brady
4/16/2025 | 12:02 PM PDT

- ¶ 8 Peter J. Brady
Executive Director