

BRITISH COLUMBIA SECURITIES COMMISSION  
Securities Act, RSBC 1996, c. 418

Citation: Re Ahmad Doroudian, 2025 BCSECCOM 117

Date: 20250319

**Notice of Administrative Penalty**

**Ahmad Doroudian**

**Section 162.01 of the Securities Act, RSBC 1996, c. 418**

**Summary of Alleged Contraventions and Conditional Findings**

1. Staff submitted a report (the Report) alleging that Ahmad Doroudian contravened Part 3.3 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104) between March 15, 2019 and October 26, 2023 (the Relevant Period) by failing to file timely insider reports for 624 public market transactions involving 5,089,795 shares with a total reported value of \$986,398, and recommending I impose an administrative penalty under section 162.01 of the Act.
2. Based on the information in the Report, and subject to Doroudian's right to dispute the allegations or amount of the penalty under section 162.04, I consider:
  - Doroudian has contravened section 3.3 of NI 55-104, and
  - it is in the public interest to require Doroudian to pay an administrative penalty of \$50,000.
3. My reasons follow.

**Contraventions**

4. Doroudian is a resident of British Columbia.
5. BetterLife Pharma Inc. has been a reporting issuer under the Act throughout the Relevant Period.
6. As set out BetterLife's Information Circular dated May 24, 2024, Doroudian served in various director and senior officer positions of BetterLife for various periods from 2007 to 2018. He was reappointed as Chief Executive Officer and Director on January 20, 2020 and named Chair on May 5, 2020 and continued in those positions through the end of the Relevant Period.

**Law**

7. Section 3.3 of NI 55-104 requires a reporting insider to file insider reports for changes in their ownership of securities as follows:

**Subsequent report** – A reporting insider must within five days of any of the following changes file an insider report in respect of a reporting issuer disclosing a change in the reporting insider's

- (a) beneficial ownership of, or control or direction over, whether direct or indirect, securities of the reporting issuer, ...

[NI 55-104 Insider Reporting Requirements and Exemptions](#)

(Effective February 1, 2017 – July 25, 2023)

[NI 55-104 Insider Reporting Requirements and Exemptions](#) (Effective July 25, 2023)

8. Section 1.1 of NI 55-104 defines a "reporting insider" to mean "an insider of a reporting issuer if the insider is":

- (a) the CEO, CFO, or COO of the reporting issuer ...;

- (b) a director of the reporting issuer ...;

...

- (d) a significant shareholder of the reporting issuer; ...

9. Section 1(1) of the Act defines "insider" to mean:

- (a) a director or an officer of an issuer,

...

- (c) a person that has

- (i) beneficial ownership of, or control or direction over, directly or indirectly, or

- (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly,

securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities ...

[Securities Act, RSBC 1996, c. 418, section 1\(1\)](#)

10. Section 1.1 of NI 55-104 defines a “significant shareholder” to mean:

a person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all the issuer’s outstanding voting securities ...

### **Application of Law to Doroudian**

11. Doroudian was both an insider and a reporting insider of BetterLife from January 20, 2020 to the end of the Relevant Period because he was a director and the CEO of BetterLife during that time.
12. Staff further assert that Doroudian was an insider and reporting insider of BetterLife from March 15, 2019 to March 15, 2021 through his ownership or control of 10% or more of BetterLife’s outstanding common shares during that period. In support of that assertion, staff provided the affidavit of an investigator dated February 10, 2025 containing a table (Exhibit A) that:
  - a. lists all of Doroudian’s transactions in BetterLife securities and resulting ownership or control during the Relevant Period based on Doroudian’s insider reports as filed on the System for Electronic Disclosure by Insiders (SEDI); he disclosed transactions in his own name, his wife’s name and through a corporation of which he was the sole officer and director;
  - b. shows BetterLife’s issued and outstanding common share total at the time of each transaction based on its financial statements and Canadian Securities Exchange Form 9 *Notice of issuance or proposed issuance of listed securities* filings; and
  - c. calculates Doroudian’s percentage ownership or control of BetterLife shares based on the above.
13. Based on Exhibit A, I find that that Doroudian had beneficial ownership of, or control or direction over securities of BetterLife carrying more than 10% of the voting rights from March 15, 2019 to March 15, 2021, and therefore, he was also an insider and a reporting insider of BetterLife on that basis during that period.
14. Based on his ownership of securities and his director and CEO roles, he was a reporting insider of BetterLife from March 15, 2019 through October 26, 2023.

15. The staff investigator's affidavit shows that according to Doroudian's insider reports filed as of July 9, 2024:

- a. During the Relevant Period, there were 648 transactions in which Doroudian's beneficial ownership, control or direction changed;
- b. 625 of the 648 transactions were public market transactions;
- c. Doroudian did not file insider reports within five days for 624 of the 625 public market transactions;
- d. The 624 public market transactions reported late involved 5,089,795 shares with a reported value of \$986,398; and
- e. Doroudian's unreported trading comprised approximately 1.98% of total market volume.

16. Based on the information in the affidavit, I have concluded that Doroudian contravened section 3.3 of NI 55-104 in relation to 624 transactions involving 5,089,795 BetterLife shares with a reported value of \$986,398 between March 15, 2019 and October 26, 2023.

#### **Application of Section 162.01 to Prior Contraventions**

17. Staff note that the executive director's power to issue administrative penalties by notice under section 162.01 of the Act came into force on March 27, 2020 and that 112 of Doroudian's contraventions occurred prior to its enactment. I have previously concluded in [Re Bradley Donald Moore, 2024 BCSECCOM 361](#) that section 162.01 is purely procedural and not prejudicial and so applies to contraventions that occurred prior to its enactment.

#### **Limitation Period**

18. Under section 159 of the Act, proceedings (other than certain proceedings not relevant here) must not be commenced more than six years after the date of the events that give rise to the proceedings. The first transaction during the Relevant Period was on March 15, 2019. The insider report for that transaction was not due until March 20, 2019, so March 21, 2019 is the date of the first contravention. This proceeding was commenced by this notice before March 21, 2025. Therefore, I consider that these proceedings were commenced within the limitation period.

#### **Administrative Penalty**

19. Since I have found that Doroudian contravened NI 55-104, I must consider whether it is in the public interest to require Doroudian to pay an administrative penalty, and if so, what amount is appropriate in the circumstances considering the factors set out below from section 162.02(1) of the Act. Penalties are protective and preventative and intended to prevent future harm. They can address general as well as specific deterrence and must be proportionate and reasonable.

20. In addition, when assessing insider reporting failures, the Commission has identified the following factors as relevant:

- the volume of shares in the unreported trades compared to total trading in the stock,
- the number of unreported trades,
- the duration of the non-compliance,
- whether the respondent disclosed and rectified the deficiencies voluntarily,
- the respondent's subsequent conduct,
- the respondent's previous disciplinary history,
- the respondent's cooperation with the Commission staff investigation, and
- the presence of any aggravating factors.

[Orr \(Re\), 2001 BCSECCOM 1106](#) at para. 23

21. Staff submitted that it would be in the public interest to require Doroudian to pay an administrative penalty in the range of \$50-60,000.

#### **Past Conduct**

22. Doroudian has no formal disciplinary history under the Act.

23. However, as set out in the investigator's affidavit, since 2011 staff have sent Doroudian 15 invoices for late-filed insider reports, 11 before staff started the review that led to this proceeding. A fee of \$50 per late-filed report applies under the *Securities Regulation*. He has not paid the last nine of those invoices totaling \$30,350, including \$23,050 in late fees for the late insider reports relating to public market transactions during the Relevant Period discussed above.

#### **Seriousness of the Conduct**

24. The insider reporting regime is important because it deters insider trading and provides investors with valuable information about insiders' views on their companies' prospects. Timely reporting is particularly important in the case of active trading by insiders.

25. Doroudian did file five insider reports relating to his trading during the Relevant Period disclosing that he had acquired 1,313,800 shares with a total transaction value of \$213,431.50. He advised staff that he was lumping multiple transaction together into these five filings. There was some disclosure to the market that Doroudian was trading and it showed he was a net acquirer of shares, which he was. However, the picture provided by the five reports was incomplete. In fact, he engaged in 625 public market acquisitions and dispositions involving 5,103,295 shares with a total transaction value of \$989,773 resulting in a net acquisition of 2,262,105 shares for a net cost of \$303,631. He knew he was required to file on time and his active trading made timely reporting more important.

26. Staff submit that by lumping transactions together, Doroudian knew or ought to have known that he avoided the assessment of significant late filing fees. I do not have a sufficient basis to conclude that avoiding late fees was a factor in his behaviour.
27. Other than temporarily avoiding some late fees, there is no evidence that Doroudian obtained any benefit from his late filings, nor is there specific evidence of investor harm. There is no sign he was deliberately concealing his transactions.
28. Overall, the contraventions are of low or low to moderate, seriousness.

### **Mitigating Factors**

29. Doroudian submitted that most of his late reporting was due to reporting in an “incorrect format” and failing to understand he was an insider based on share ownership for part of the Relevant Period. He asserts he has limited financial means to pay late fees or a penalty, his non-compliance was unintentional and did not benefit him, and paying a penalty will reduce his ability to financially support BetterLife.
30. I agree with staff that these are not mitigating factors in this case. Partial reporting is not a mitigating factor, particularly where it is mostly inaccurate. Investors are expected know their obligation to report when they own 10% of the shares of a reporting issuer and Doroudian did not file in a timely way even after he became a director and CEO on January 20, 2020. The lack of intention and lack of benefit reduce the seriousness of the contraventions (addressed above). I consider ability to pay below. The reduction in Doroudian’s ability to support BetterLife does factor into the public interest when deciding the appropriate penalty, but it does not mitigate the contraventions.

### **The Need to Demonstrate Consequences for, and Deter, Inappropriate Conduct**

31. I agree with staff that these two factors are distinct but can be considered together.
32. After a series of communications with staff, Doroudian brought his reporting up to date. However, there is clearly a need for a deterrence message on top of late fees.
33. He submitted that he has limited financial means to pay the late filing fees or any further penalty. However, to date, he has not provided any evidence to support that assertion.
34. It is also important to demonstrate to the market that there can be consequences for late insider reporting above and beyond late fees and that the accuracy of what is filed matters.

### Past Orders in Similar Circumstances

35. Staff referred me to the *Moore* decision linked above in which I imposed a penalty of \$40,000 for failing to file insider reports on time for 156 transactions with an approximate value of \$614,938. I agree that the *Moore* decision, including the analysis of three other recent insider reporting cases in it, is highly relevant to the appropriate sanction in this case. Those three cases are:

- [a. \*Wisbey \(Re\)\*, 2024 BCSECCOM 43](#)
- [b. \*Penn \(Re\)\*, 2021 BCSECCOM 472](#)
- [c. \*Rubin \(Re\)\*, 2021 BCSECCOM 473](#)

36. The following table summarizes key factors and outcomes from these decisions:

Case	Time Period	Value of Transactions	Number of Transactions	Other Factors	Penalty/ Undertaking	Late Fees	Total Payable
Wisbey	53 months	\$6,983,101	138 (late) 547 (no reports)	Included early warning, disclosure and illegal distribution contraventions	\$80,000	\$18,750 paid	\$98,750
Penn	36 months	\$1,155,947	425	Included early warning and disclosure contraventions, former registrant	\$75,000 Agreed to take a course	\$9,100 paid	\$84,100
Rubin	36 months	\$646,566	122	Included early warning and disclosure contraventions, former registrant	\$65,000 Agreed to take a course	\$4,300 paid	\$69,300
Moore	27 months	\$614,938	156	2-3% of total volume, had prior warning	\$40,000	\$9,000 of which \$6,800 unpaid	\$49,000



37. Doroudian's contraventions are relatively similar to the facts in *Penn*, except:
- they extended over 55 months;
  - the dollar value is about \$170,000 less than in *Penn*;
  - the number of contraventions is roughly 50% higher;
  - there are no contraventions other than late insider reporting (although the contraventions in *Penn* and *Rubin* are closely linked to the failure to report);
  - Doroudian is not a former registrant;
  - taking a course is not an option in proceedings under section 162.01 of the Act; and
  - Doroudian has been assessed late fees of \$23,050 for his late-filed public market transactions during the Relevant Period but has not paid them.

### **Analysis**

38. I agree with staff that Doroudian's assessed late fees should be taken into account in determining the amount of the penalty.
39. I also agree with staff that the total dollar value of Doroudian's sanction should be somewhere in between the sanction in *Penn* and *Rubin*. This is mostly because the dollar value is lower than in *Penn* but higher than in *Rubin*. Doroudian is not a former registrant, but he also is not taking a course and has not paid his late fees.
40. I seriously considered Doroudian's submission that an administrative penalty would reduce the amount he is able to contribute to BetterLife and therefore potentially harm the company and other shareholders. In addition to serving as a director and CEO, he has been a net investor in the company during the Relevant Period. In considering the public interest, I can consider the impact of my decisions on other market participants, including companies and their shareholders. However, at this point I do not have evidence to support that a penalty will limit Doroudian's ability to support the company. It is also common for founders, directors and CEOs of venture companies to support them financially. If this argument were valid then penalties against public company executives would never be justified.
41. Taking into account all of the above factors, I find that an administrative penalty of \$50,000 is appropriate. Together with the \$23,050 in late fees, the total amount Doroudian would owe for late filings during the Relevant Period is \$73,050, which is just above the total in *Rubin*.
42. Imposing a penalty in a case like this one sends an important deterrence message to insiders. It can cost a lot more than \$50 per report to file late. Deterrence is created by ensuring that the rational economic decision is for public company directors, officers and significant shareholders to invest time or money up front on either filing reports personally or hiring a service provider to help with timely filing.



**Requirement to Pay or Dispute the Administrative Penalty**

43. Under section 162.01 of the Act, and subject to Doroudian's right to dispute the alleged contraventions or penalty amount under section 162.04 of the Act, I consider it in the public interest to require Doroudian to pay a total administrative penalty of \$50,000 for the alleged contraventions.
44. Under section 162.04(1) of the Act, by April 30, 2025, Doroudian must:
- pay the administrative penalty; or
  - give me written notice requesting an opportunity to be heard to dispute the alleged contraventions or the amount of the administrative penalty.
45. Under section 162.04(2.1) of the Act, Doroudian will be deemed to have contravened section 3.3 of NI 55-104, and the administrative penalty set out in this notice will be payable to the commission, if Doroudian:
- pays the administrative penalty; or
  - fails to pay the full amount of the administrative penalty, or request an opportunity to be heard to dispute the alleged contraventions or the amount of the administrative penalty, by April 30, 2025.

March 19, 2025

Peter J. Brady  
Executive Director