

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

Citation: Re Ahmad Doroudian, 2025 BCSECCOM 400

Date: 20250908

Decision on Revocation Application

Ahmad Doroudian

Section 171 of the Securities Act, RSBC 1996, c. 418

Nature of Application

1. On March 19, 2025, I issued a Notice of Administrative Penalty (the Notice) to Ahmad Doroudian indicating that I considered that:
 - Doroudian had contravened section 3.3 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104) 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
 - it was in the public interest to require Doroudian to pay an administrative penalty of \$50,000 under section 162.01 of the Securities Act.
2. The Notice stated that Doroudian would be deemed to have contravened section 3.3 of NI 55-104 if he paid the penalty, or alternatively failed to pay the full amount of the penalty or request an opportunity to be heard to dispute the alleged contraventions or the amount of the penalty by April 30, 2025. The April 30 deadline provided more than the 30 day period required by section 162.04 of the Act.
3. Doroudian did not pay the penalty or notify me that he intended to dispute the Notice by the April 30, 2025 deadline I provided, so on May 21, 2025 I informed him that under section 162.04(2.1) of the Act, he had been deemed to have committed the alleged contraventions in the Notice, and the penalty was payable to the Commission.
4. Later that same day, counsel for Doroudian wrote to request more time to dispute the Notice. He advised that Doroudian had intended to exercise his opportunity to be heard but due to health reasons he missed the deadline and was able to provide evidence of his incapacity during the relevant time.
5. I informed counsel that Doroudian could either apply to vary or revoke the decision under section 171 of the Act, or apply to the Commission for a review of it under section 165(3) of the Act within 30 days. On June 4, 2025, Doroudian applied, seeking a revocation of my decision under section 171.
6. I have decided that it would be prejudicial to the public interest to revoke my decision and I therefore will not revoke the decision. My reasons follow.

Submissions

In a letter dated June 4, 2025, Doroudian submitted that:

- A significant number of transactions occurred during a period when he was not a director and unbeknownst to him he owned more than 10% of the shares.
- A large number of transactions were reported but in the wrong format, such as by lumping together transactions that occurred over multiple days or reporting according to settlement date versus trade date. Since communication with BCSC in 2023, he has reported all transactions on time and in the correct format.
- He has ensured that BetterLife Pharma Inc. (the reporting issuer whose shares he traded) fully disclosed the corrections to his share ownership via an information circular and a news release.
- His ownership was previously underreported. He increased his shareholdings due to his belief in the company and not to benefit himself financially. His underreporting did not harm any investors.
- He has mortgaged his house, borrowed other money, and invested hundreds of thousands of dollars into BetterLife. He has also taken little cash compensation. This has helped the company achieve significant corporate objectives.
- As a dedicated director and officer he has always acted in the best interests of all shareholders, and revoking the penalty will allow him to continue supporting the company, in the best interests of shareholders.

7. I would summarize Commission staff's June 20, 2025 response as follows:

- Since Doroudian failed to pay the penalty or exercise his opportunity to be heard by the April 30, 2025 I provided, he was deemed to have committed the contraventions set out in the Notice by operation of section 162.04(2.1) of the Act. The conditional findings in the Notice became final, his opportunity to be heard under section 162.04(1)(b) was extinguished, and the executive director's administrative penalty proceedings were brought to a close. The executive director was not able to grant the time extension he sought.
- The Notice is a decision of the executive director. The fact that the contraventions are deemed to have occurred under section 162.04(2.1) does not change this. The executive director retains the discretion to revoke or vary past decisions even if the contravention is deemed to occur by operation of law. It would be absurd and unfair to interpret section 162.04(2.1) as meaning that the Notice and deemed contravention are not a decision of the executive director because it would deprive respondents of the ability to use section 171 or 165(3) of the Act to seek a variation, revocation or review of the contravention. If that was the intended outcome, the Legislature would have been clearer about it.
- The executive director should dismiss Doroudian's application as he has not submitted any new or compelling evidence or identified a change in circumstances that supports a finding that it would not be prejudicial to the public interest to revoke my decision under section 171.

- Each of the reasons Doroudian put forward in his application were already considered in the Notice.
- The fact that BetterLife issued a clarifying news release correcting information in past information circulars is not relevant to the contraventions.
- Doroudian merely provided further details of his support for the company, and how he financed that investment, but the fact of his support for the company was already considered. Doroudian's application does not provide any evidence on his financial position that would allow the executive director to assess how the penalty would limit his ability to support the company.

8. On June 28, Doroudian replied that:

- He missed the deadline to exercise his opportunity to be heard due to a medical issue. He provided:
 - A medical report of a CT scan of part of his body showing serious degenerative changes
 - A referral to a particular specialized type of medical clinic dated March 15, 2025
 - An email notification of an appointment at that clinic for April 29.
- He provided letters from three individuals who he describes as highly respected professionals with decades of experience in public company management and deep knowledge of capital markets rules and regulations and protection of shareholders' and the public's interest. In summary, the letters (which are indeed from senior capital markets participants) state that:
 - He is an outstanding CEO of high integrity who works hard for the company
 - He had previously achieved a successful exit with a prior pharmaceutical company; his investments in BetterLife have been intended to sustain the company at great personal expense and he is a determined leader
 - He is committed to a high level of ethics and integrity; he has committed his own personal funds to pay company expenses, ensure BetterLife remains compliant and achieve corporate milestones
 - I should reassess the decision.
- He has done everything possible to advance the interests of shareholders and requests revocation of the decision.

Law

9. Section 171 of the Act provides as follows:

Discretion to revoke or vary decision

171 If the commission, the executive director or a designated organization considers that to do so would not be prejudicial to the public interest, the commission, executive director or designated organization, as the case may be, may make an order revoking in whole or in part or varying a decision the commission, the executive director or the designated organization, as the case may be, has made under this Act, another

enactment or a former enactment, whether or not the decision has been filed under section 163.

10. Under section 1(1) of the Act:

"decision", in relation to the commission, the executive director or a designated organization, means a direction, decision, order, ruling or requirement made under a power or right conferred by this Act or the regulations;

11. Section 9.10 of BC Policy 15-601 *Hearings* contains the following guidance for applications to the Commission Hearing Office seeking variations or revocations of decisions by Commission panels or single commissioners acting under delegated authority under section 171:

(a) Discretion to revoke or vary – Under section 171 of the Act, the Commission may revoke or vary a decision it has made, or that was made by a single commissioner. A party that is subject to a decision may apply to the Commission for an order revoking or varying the decision. Generally, the Commission conducts these hearings in writing; it considers written submissions and makes its decision.

Before the Commission changes a decision, it must consider that it would not be prejudicial to the public interest to do so. *If a panel of the Commission is considering its own decision, this usually means that the party must show the Commission new and compelling evidence that was not before the original decision maker, or a significant change in the circumstances since the original decision was made.* If the Commission is considering a decision made by a single commissioner, the Commission may consider other factors.

A party must apply to the Commission in advance of the hearing and demonstrate why the evidence that was not before the original decision maker is new and compelling, and should be admitted. The Commission will hear submissions from all parties. In some circumstances, the Commission may hear the application to introduce new evidence as part of the hearing to revoke or vary a decision. In that case, it will receive the evidence for the purposes of determining if it meets the test to be admitted.

[emphasis added]

12. I find this guidance helpful in considering this request to revoke my decision to issue the Notice under section 171.
13. Staff referred me to *Re Dunn*, 2024 BCSECCOM 279, in which the Commission reviewed the principles that apply to an application for a hearing panel to vary or revoke a decision it has made under section 171 (at paras. 12 – 14):

Previous matters before the Commission have long established that an applicant must show new and compelling evidence or a significant change in circumstances that, had it been known to the panel at the time of the original decision, would have resulted in a different decision (see *Re Pyper*, 2004 BCSECCOM 238).

The Commission in *Re Deyrmenjian*, 2019 BCSECCOM 93 set out the following factors at paragraph 28 that an applicant seeking to vary or revoke an order under section 171 of the Act must establish:

- a) the additional evidence must be
 - i. relevant to the allegations in the notice of hearing
 - ii. “new” in that it was not reasonably available for use by the applicants at the time of the hearing
 - iii. “compelling” in that if the panel had been provided with the evidence at the time of the hearing, it would have decided differently; and
- b) it would not be prejudicial to the public interest for the panel to revoke their findings.

The panel further explained in *Deyrmenjian* that the “compelling” aspect of the test is more important than the “new” aspect:

[32] ...If a panel finds the additional evidence is not compelling, there is no need to carry on with the analysis to determine if it is “new”. It would be prejudicial to the public interest to vary or revoke a decision based on evidence that is not compelling.

Analysis

14. I agree with staff that once the April 30 deadline for Doroudian to pay or exercise his opportunity to be heard had passed, he was deemed to have committed the contraventions in the Notice by operation of section 162.04(2.1) of the Act. That is indeed why, when on May 21 he requested more time to respond, I told him his options were to seek a revocation or variation of my decision to issue the Notice under section 171 of the Act or a review of the decision under section 165(3). Those were his only options under the Act. If Doroudian needed an extension to the April 30 deadline, he only needed to send a brief email to this effect prior to the deadline passing. Once the deadline passed, I did not have discretion under the Act to provide more time to respond to the Notice.
15. Staff submitted that even after a contravention is deemed to have occurred under section 162.04(2.1), I still have the authority to revoke or vary my decision as represented by the Notice. Staff argued that if the Legislature had intended to remove this power, it would have made that explicit. In my view, it is not clear what authority I have to revoke my decision to issue a notice after a contravention is deemed to have occurred by operation of law, or if I do have that authority, what effect a revocation would have on the deemed contravention. However, I do not

have to decide those questions because, for the reasons set out below, I have decided it would be prejudicial to the public interest to revoke the decision.

Did Doroudian provide new and compelling evidence that was not before me when the Notice was issued?

16. I summarize Doroudian's June 4, 2025 submissions in para. 7 of this decision above. The submissions are a combination of factual assertions and arguments as to why the decision should be revoked. As staff point out in their submissions, I considered all of this information in my initial decision to issue the Notice, with the exception that:
 - a. Doroudian points out that he caused BetterLife to correct the incorrect information about his holdings in past information circulars via a news release, and
 - b. he provided more information about how much he had invested in BetterLife and how he financed it.
17. I do not consider the correction of the incorrect information about Doroudian's holdings to be compelling evidence supporting the revocation of the decision. Companies and their executives are expected to promptly correct inaccuracies in required disclosure when brought to their attention.
18. I also do not consider the additional information about the extent of Doroudian's investment in BetterLife or the fact that he mortgaged his house to make it to be compelling evidence. I considered the possible impact of the penalty on his ability to continue to finance the company in para. 40 of the Notice, as follows:

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.
19. Doroudian did not provide any new information about his financial circumstances to establish that the penalty will prevent him from continuing to support the company.
20. In his June 28 reply submissions, Doroudian provided medical evidence supporting that during the period he was given to exercise his opportunity to be heard, he was suffering from a medical condition that could be very painful and affect his mobility. However, it does not establish that he

was incapacitated to the point of being unable to send an email asking to exercise his opportunity to be heard.

21. Doroudian also provided reference letters which support that he is a good CEO with integrity who is dedicated to supporting BetterLife. I do not question the assertions about Doroudian in the reference letters and they could be relevant in assessing the public interest as part of this application. However, I do not find them compelling in the sense of justifying the revocation of my decision. They are not relevant to whether the contraventions occurred. I considered Doroudian's support for BetterLife in determining the amount of the penalty. His skill as a CEO and general integrity do not show that there was any error in how I determined the penalty.

Did Doroudian show there was a significant change in the circumstances since the Notice was issued?

22. The only fact in Doroudian's submissions that might be considered a change of circumstances is the fact that the disclosure inaccuracies have now been corrected. I address that point above. He has not established a change in circumstances that justifies revocation.

Decision

23. Doroudian has failed to convince me that it would not be prejudicial to the public interest to revoke my decision as represented by the Notice. To the contrary, it remains my view that it is in the public interest for him to pay a significant penalty for his extensive late insider reporting. As a result, I will not revoke my decision under section 171.

September 8, 2025

Peter J. Brady
Executive Director