

2011 BCSECCOM 574

**Douglas Charles, James Dupree, Ian T. Ball,
Stephen Armitage and Peter B. Thompson**

Section 161 of the *Securities Act*, RSBC 1996, c. 418

Panel	Brent W. Aitken Suzanne K. Wiltshire	Vice Chair Commissioner
Date of hearing	September 19, 2011	
Date of decision	December 22, 2011	
Appearing	Jeremy Gellis For the Executive Director	

Decision

- ¶ 1 This is a hearing under sections 161(1) and 162 of the *Securities Act*, RSBC 1996, c. 418.
- ¶ 2 On May 18, 2011 the Executive Director issued a notice of hearing (2011 BCSECCOM 230) alleging that Douglas Charles, James Dupree, Ian T. Ball, Stephen Armitage and Peter B. Thompson solicited trades in securities contrary to section 34(1) of the Act.
- ¶ 3 The respondents did not appear at the hearing.
- ¶ 4 Douglas Charles purports to be a financial services firm and has a website on which it claims to offer its clients personalized and comprehensive financial services. The website says Douglas Charles has offices in Panama and Switzerland.
- ¶ 5 In fact, the Douglas Charles website content has been plagiarized from the sites of other, well-known, firms. The office address in Panama is that of a “virtual office” service paid for by an individual with an address in the Philippines. None of the individual respondents has ever appeared at that office. There is no evidence that Douglas Charles is a legitimate business.

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- ¶ 6 In emails to British Columbia residents, the four individual respondents purported to hold positions with Douglas Charles – Dupree as “Senior Director of Research”, Ball and Thompson as “Senior Vice Presidents, Wealth Management – Taxation Department”, and Armitage as “Legal Counsel”.
- ¶ 7 None of the respondents is registered under the Act.
- ¶ 8 Dupree telephoned a British Columbia resident individual and told him to expect a call from Ball. Ball subsequently called and proposed a scheme under which the individual would be able to acquire shares of Apple at a discount, but would be required to send \$9,000 to Douglas Charles in order to receive the Apple shares. Ball emailed documents to the individual describing the transaction that he and Armitage signed.
- ¶ 9 Thompson telephoned another British Columbia resident individual, claimed to be a representative of Douglas Charles, and proposed a similar transaction.
- ¶ 10 Neither of the individuals took the bait.
- ¶ 11 We find that the executive director proved that the respondents contravened section 34 of the Act in making solicitations in furtherance of trading in securities without being registered, as alleged in the notice of hearing.
- ¶ 12 The factors relevant to sanction are set forth in *Re Eron Mortgage Corporation* [2000] 7 BCSC Weekly Summary 22 (see page 24).
- ¶ 13 The respondents’ conduct was dishonest and predatory. That the BC-resident individuals did not take the bait does not diminish the seriousness of the respondents’ misconduct. The public interest must be protected against schemes such as the respondents’ advance-fee scheme.
- ¶ 14 The respondents’ misconduct is continuing – the website was still active as of the date of the hearing.
- ¶ 15 This misconduct damages the integrity and reputation of our markets.
- ¶ 16 There are no mitigating factors.
- ¶ 17 The orders we are making are intended to deter the respondents from future misconduct and to demonstrate the consequences of inappropriate conduct to other market participants.
- ¶ 18 Considering it to be in the public interest, we order:

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1. under section 161(1)(b) of the Act, that Douglas Charles, Ball, Dupree, Armitage and Thompson permanently cease trading in, and are permanently prohibited from purchasing, any securities and exchange contracts;
2. under section 161(1)(d)(v), that Douglas Charles, Ball, Dupree, Armitage and Thompson are permanently prohibited from engaging in investor relations activities;
3. under section 162, that Douglas Charles, Ball, Dupree, Armitage and Thompson pay an administrative penalty of \$100,000; and
4. that Douglas Charles, Ball, Dupree, Armitage and Thompson be jointly and severally liable for the amount in paragraph 3.

¶ 19 December 22, 2011

¶ 20 **For the Commission**

Brent W. Aitken
Vice Chair

Suzanne K. Wiltshire
Commissioner