

Citation: 2014 BCSECCOM 207

**Cinnabar Explorations Inc., Christopher James G. Bass,
Daniel Grant McGee and Dale Zucchet**

Securities Act, RSBC 1996, c. 418

Hearing

Panel	Brent W. Aitken Audrey T. Ho Don Rowlatt	Vice Chair Commissioner Commissioner
Date of Hearing	December 4, 2013	
Date of Findings	June 3, 2014	
Appearing		
Veda Kenda	For the Executive Director	
Daniel Grant McGee	For himself	

Findings

I Introduction and Background

- ¶ 1 This is the liability part of a hearing under sections 161(1) and 162 of the *Securities Act*, RSBC 1996, c. 418.
- ¶ 2 In a notice of hearing issued August 20, 2012 (2012 BCSECCOM 336), the executive director alleged that Cinnabar Explorations Ltd., Christopher James G. Bass, Daniel Grant McGee and Dale Zucchet contravened section 61(1) of the Act. The allegation relates to the distribution of securities by Cinnabar Explorations Inc. to seven investors for a total of \$21,500 without filing a prospectus and without the availability of an exemption.
- ¶ 3 The hearing (the Cinnabar hearing) was held on March 21, 2013. McGee sought and obtained an adjournment of the hearing of the allegation against him. That allegation is that McGee, as a director of Cinnabar, authorized, permitted, or acquiesced in the distribution of the Cinnabar securities, and so contravened section 61(1) under section 168.2(1).

- ¶ 4 On December 4, 2013 we heard the allegation against McGee. These Findings relate to that allegation.

II Analysis and Findings

A The Cinnabar Findings

- ¶ 5 On September 3, 2013 the Commission issued its Findings in the Cinnabar hearing (2013 BCSECCOM 361).
- ¶ 6 McGee does not dispute the Cinnabar Findings, which included the finding that Cinnabar made trades to 13 investors for proceeds of \$45,000 and, in making trades to seven of those investors for proceeds of \$21,500, Cinnabar contravened section 61(1).
- ¶ 7 The evidence submitted by the executive director in this hearing includes the evidence that the Commission relied upon in the Cinnabar hearing. In our opinion, the evidence proves the findings cited in the previous paragraph. We adopt those findings.

B Findings against McGee

- ¶ 8 McGee is a resident of British Columbia and was a director of Cinnabar during the relevant period.
- ¶ 9 Section 168.2 says that “If a person, other than an individual, contravenes a provision of this Act . . . [a] director of the person who authorizes, permits or acquiesces in the contravention . . . also contravenes the provision.”
- ¶ 10 We have found that Cinnabar contravened section 61(1) with respect to 7 trades. McGee signed the exempt distribution reports relating to those trades on behalf of Cinnabar.
- ¶ 11 He testified that he did not make any enquiry to determine that claimed exemptions were in fact available, but relied on others among the respondents to do so. He said that he did not know that he or Cinnabar should have done so. Ignorance of his obligations does not relieve McGee of liability.
- ¶ 12 We find that McGee authorized, permitted or acquiesced in Cinnabar’s illegal distributions that were a contravention of section 61(1).
- ¶ 13 We therefore find, under section 168.2(1) of the Act, that McGee contravened section 61(1) of the Act.

III Submissions on Sanctions

¶ 14 We direct the parties to make their submissions on sanctions as follows:

By	June 24	The executive director delivers submissions to McGee and to the secretary to the Commission
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By	July 8	McGee delivers response submissions to the executive director and to the secretary to the Commission
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Either party seeking an oral hearing on the issue of sanctions so advises the secretary to the Commission

By	July 15	The executive director delivers reply submissions (if any) to McGee and to the secretary to the Commission
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¶ 15 June 3, 2014

¶ 16 **For the Commission**

Brent W. Aitken
Vice Chair

Audrey T. Ho
Commissioner

Don Rowlatt
Commissioner