



British Columbia Securities Commission

Citation: 2015 BCSECCOM 460

Notice of Hearing

**Stewart Douglas Loughery,
Richard Dean Reoji Nawata, and
Military International Limited**

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

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions, and apply for orders against Stewart Douglas Loughery, Richard Dean Reoji Nawata, and Military International Limited (the Respondents) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

Military International Limited is a Cease-Traded Reporting Issuer

1. Military International Limited (MIL) is an Alberta company that is a reporting issuer in British Columbia.
2. MIL's shares at one time traded on the TSX Venture Exchange. On December 11, 2002, the Executive Director ordered that all trading in MIL's securities cease until MIL filed required records (the MIL Cease Trade Order). The MIL Cease Trade Order remains in force.
3. Richard Dean Reoji Nawata (Nawata) is a British Columbia resident and MIL's President, Chief Executive Officer, and director of record. He was formerly registered under the Act as an investment advisor.
4. Stewart Douglas Loughery (Loughery) is also a British Columbia resident. He was also formerly registered under the Act as an investment advisor.
5. Because Loughery has been an undischarged bankrupt since 2003, he cannot be a director of any company. Even though Loughery was not a director or officer of record for MIL, he made all the company's key decisions and was the company's *de facto* director.

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Misconduct

MIL, Loughery, and Nawata Contravened the MIL Cease Trade Order

6. In the fall of 2010, Loughery had no income and needed money to pay legal bills. Despite the MIL Cease Trade Order, Loughery approached potential investors and told them that he was raising funds to reactivate and reorganize MIL, with the aim of re-listing MIL on an exchange.
7. Between November 2010 and August 2011, MIL raised \$170,000 by issuing promissory notes (the MIL Notes) to six investors targeted by Loughery (the MIL Investors).
8. By issuing the MIL Notes, MIL contravened the MIL Cease Trade Order.
9. By finding the MIL Investors and selling the MIL Notes to them, Loughery contravened the Cease Trade Order.
10. As MIL's director and officer of record, Nawata authorized, permitted, or acquiesced in MIL's contravention of the MIL Cease Trade Order, and therefore he contravened the same order through section 168.2 of the Act.
11. As a *de facto* director or officer of MIL, Loughery also authorized, permitted, or acquiesced in MIL's contravention of the MIL Cease Trade Order, and therefore he contravened the same order through section 168.2 of the Act.

Filings that Did Not Disclose Loughery's Corporate Role Were Misleading

12. In materials that it filed with the Commission (the Filings), MIL did not disclose that Loughery was *de facto* a director of MIL. As a result, the Filings were misleading and MIL contravened section 168.1 of the Act.
13. As MIL's director and officer of record, Nawata authorized, permitted, or acquiesced in MIL's contravention of section 168.1 of the Act, and therefore contravened the same provision through section 168.2 of the Act.
14. As a *de facto* director or officer of MIL, Loughery also authorized, permitted, or acquiesced in MIL's contravention of section 168.1 of the Act, and therefore contravened the same provision through section 168.2 of the Act.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Tuesday, January 26 2016, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.



- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

Paul C. Bourque
Dec 17 2015 9:12 AM

- ¶ 5 Paul C. Bourque, Q.C.
Executive Director