



British Columbia Securities Commission

Citation: 2015 BCSECCOM 190

Notice of Hearing

Teresa Kathleen de La Boursodière

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 Teresa Kathleen de La Boursodière (de La Boursodière) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. De La Boursodière is a British Columbia resident and the principal of an alternative health care clinic in British Columbia.
2. She has never been registered to trade or give advice under the Act.
3. From 2007 through December 2010, de La Boursodière had a self-directed online trading account in her name at an investment dealer registered in British Columbia (the BC Trading Account).

Misconduct

4. In 2007, while in Australia, de La Boursodière solicited an Australian resident (Client A) and offered to trade in derivatives on her behalf. She told her that she was a successful derivatives trader and she falsely stated that she was licensed to trade stocks in British Columbia.
5. Client A had no prior experience investing in derivatives.
6. On November 26, 2007, Client A gave de La Boursodière \$15,000 AUD for derivatives trading.
7. De La Boursodière only deposited \$10,000 AUD of Client A's \$15,000 AUD into her BC Trading Account. From November 29, 2007 to December 20, 2007, she spent the remaining \$5,000 AUD on bill payments, gas, groceries and other things unrelated to derivatives trading.
8. With the funds from Client A deposited to her BC Trading Account, de La Boursodière managed Client A's portfolio primarily by buying and selling

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options contracts on her behalf. She actively bought or sold several options contracts on an almost monthly basis.

9. In February 2008, de La Boursodière left Australia and returned to British Columbia, where she continued managing Client A's portfolio.
10. On March 18, 2008, de La Boursodière began making withdrawals from Client A's investment funds for her personal use.
11. De La Boursodière continued making several withdrawals on an almost monthly basis. She did not have Client A's permission to use her funds for her personal use, nor did she tell Client A. Instead, she led Client A to believe her portfolio was growing by selectively reporting profitable trades without revealing that she was withdrawing the funds.
12. De La Boursodière made the last withdrawal on April 23, 2009, leaving the BC Trading Account with a negative balance.
13. From March 2008 through June 2009, she used the funds from her withdrawals for bill payments, rent, dining out, and other things unrelated to derivatives trading.
14. In April 2009, after she had exhausted the funds in her BC Trading Account, de La Boursodière contacted Client A to get more money and told her:
 - she could invest more money in derivatives,
 - she had another client with derivatives positions (Client B) who wanted to have his investment funds returned, and
 - a fake story that Client A's new investment would "replace" Client B's interest in his portfolio.
15. De La Boursodière did not tell Client A that, in fact, Client B's portfolio was worthless and she was unable to pay him back.
16. On May 20, 2009, Client A agreed to invest an additional \$15,000 AUD to "replace" Client B's position. De La Boursodière used Client A's funds to pay back Client B.
17. De La Boursodière continued to give Client A positive updates, pretending that she was successfully trading on Client A's behalf.



18. In late 2010, unaware of the true value of her portfolio, Client A asked de La Boursodière to close out her positions and send her the funds. She did not tell Client A there were no monies to return to her. Instead, de La Boursodière kept silent.
19. Several months later, after she did not receive any of her funds back, Client A hired a lawyer to recover her money. De La Boursodière then paid back about \$7,000 AUD of the \$30,000 AUD Client A invested in total.
20. In summary:
 - De La Boursodière received a total of \$30,000 AUD from Client A to be used in derivatives trading.
 - From the first investment of \$15,000 AUD, de La Boursodière kept \$5,000 AUD for her personal expenses and only deposited \$10,000 AUD into the BC Trading Account.
 - Of the \$10,000 AUD deposited into her BC Trading Account, she gradually used it all for her personal expenses.
 - She used the second investment of \$15,000 AUD to pay back Client B rather than to “replace” Client B’s derivatives positions, which were worthless.

Fraud

21. By engaging in the conduct described in this Notice of Hearing, de La Boursodière defrauded Client A contrary to section 57(b) of the Act.

Unregistered Advising

22. By engaging in the business of advising with respect to Client A without registration and without any available exemptions, de La Boursodière contravened section 34(b) of the Act.

Conduct Contrary to the Public Interest

23. De La Boursodière’s conduct described in this Notice of Hearing, including:

- Falsely telling Client A that she was licensed to trade stocks in British Columbia,
- Using investor funds for personal expenses rather than depositing them to her BC Trading Account,



- Concealing her withdrawals from the Client A's account,
- Engaging in misleading reporting to induce Client A to invest more money,
- Telling Client A that she was taking over Client B's portfolio, when de La Boursodière knew that Client B's portfolio was worthless, and
- Failing to give Client A her money back after she demanded that de La Boursodière do so and then, only after Client A retained a lawyer, transferring only around \$7,000 AUD to Client A,

harmed the reputation, integrity, and credibility of the province's securities market and regulatory environment, and is contrary to the public interest.

24. It is in the public interest that the Commission issue orders under sections 161 and 162 of the Act.

Hearing Process

- ¶ 2 The Respondent or her counsel is required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **June 23, 2015, 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 Respondent may be represented by counsel, make submissions and tender evidence. The Respondent is requested to advise the Commission of her 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 Respondent or her counsel does 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 Respondent may be made in her absence.

Paul C. Bourque
May 19, 2015 10:52 AM

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