



British Columbia Securities Commission

Citation: 2016 BCSECCOM 115

Notice of Hearing

Lance Sandford Cook and CBM Canada's Best Mortgage Corp.

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

Background

1. CBM Canada's Best Mortgage Corp. (CBM) was a federal corporation with its head office in Victoria. It was dissolved in 2014.
2. Lance Sandford Cook (Cook) is a resident of British Columbia and a former submortgage broker. He was president and sole director of CBM.

Misconduct

3. Between 2007 and 2009, Cook personally issued five promissory notes to investors for proceeds of \$330,000.
4. In 2008, Cook through CBM issued one promissory note to an investor for proceeds of \$50,000.
5. Cook told some investors their money would be invested in CBM, and told other investors their money would be invested in another company in which Cook held shares.
6. Starting in 2008, as the original promissory notes issued by Cook and CBM became due, Cook and CBM issued replacement promissory notes and agreements. Although the replacements referred to a principal amount, the investors did not contribute new funds.
7. In some cases, CBM issued replacements for promissory notes that had originally been issued by Cook.



Cook signed all of the promissory notes and agreements. He was directly involved in the recruitment of all of the investors.

8. The six series of Cook and CBM promissory notes and agreements are:

Investor A		
Date	Issuer	Principal Amount
Sept. 19, 2007	Cook	\$80,000
Sept. 19, 2008	Cook	\$80,000
June 19, 2009	Cook	\$80,000
June 19, 2010	Cook	\$80,000
June 10, 2011	Cook	\$40,000

Investor B		
Date	Issuer	Principal Amount
Oct. 26, 2007	Cook	\$70,000
Oct. 26, 2008	Cook	\$70,000
June 4, 2009	Cook	\$70,000
Oct. 14, 2010	Cook	\$70,000

Investor C (series 1)		
Date	Issuer	Principal Amount
Dec. 27, 2007	Cook	\$100,000
Dec. 21, 2008	CBM	\$100,000
Dec. 27, 2009	CBM	\$100,000
Oct. 14, 2010	CBM	\$100,000
June 10, 2011	CBM	\$50,000
Sept. 10, 2012	Cook	\$9,584

Investor C (series 2)		
Date	Issuer	Principal Amount
May 21, 2008	CBM	\$50,000
May 21, 2009	CBM	\$50,000
April 28, 2010	CBM	\$50,000
March 31, 2011	CBM	\$50,000
June 10, 2011	CBM	\$28,125
July 10, 2012	Cook	\$5,391



Investor C (series 3)		
Date	Issuer	Principal Amount
Sept. 30, 2009	Cook	\$50,000
Sept. 9, 2010	Cook	\$50,000
June 10, 2011	Cook	\$37,500
July 10, 2012	Cook	\$7,188

Investor D		
Date	Issuer	Principal Amount
Dec. 1, 2008	Cook	\$30,000
Dec. 1, 2009	CBM	\$30,000
Dec. 1, 2010	CBM	\$30,000
June 10, 2011	CBM	\$19,125

9. Neither Cook nor CBM has ever filed a prospectus under the Act.

10. Neither Cook nor CBM qualified for an exemption from the prospectus requirement under the Act, for any of the distributions.

Contraventions of the Act

11. Cook distributed securities without an exemption and without filing a prospectus, contrary to section 61 of the Act.

12. CBM distributed securities without an exemption and without filing a prospectus, contrary to section 61 of the Act.

13. By distributing securities as described above, Cook and CBM engaged in a total of six continuing courses of conduct, corresponding to the six original promissory notes and their replacements.

14. Cook, as officer and sole director of CBM, authorized, permitted or acquiesced in contraventions of the Act by CBM. By operation of section 168.2 of the Act, Cook also contravened 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 28th day of June, 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 Respondents 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
Apr 25 2016 3:29 PM

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