



## British Columbia Securities Commission

Citation: 2017 BCSECCOM 69

### Notice of Hearing

**Titan-West Explorations Inc., Darren Scott Davidson, and Paul Webster**

#### **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 Titan-West Explorations Inc. (Titan-West), Darren Scott Davidson (Davidson), and Paul Webster (Webster) under sections 161, 162, and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

#### **Summary**

1. Through a boiler room, the Respondents fraudulently sold shares in Titan-West contrary to section 57(b) of the Act.

#### **Background**

2. Titan-West is a company incorporated in British Columbia on July 15, 2011. Titan-West purported to be in the business of placer gold mining.
3. Davidson is a resident of Lillooet, British Columbia. He was registered under the Act in 2002 and in September 2015. Davidson was a director, president and CEO of Titan-West between February 3, 2012, and January 21, 2013. At all other relevant times, Davidson was a de facto director and officer.
4. Webster is a resident of Mission, British Columbia. He has never been registered under the Act. Webster was a director and vice president of Titan-West between February 3, 2012, and September 19, 2014. At all other relevant times, Webster was a de facto director and officer.
5. The Respondents attempted to mine for gold in 2012 in the Yukon. Davidson told Commission staff that the 2012 mining season was a “total disaster”. Titan-West’s 2012 financial statements showed gold revenue of \$41,307 and an operating loss of \$566,050.



## **Misconduct**

### ***Fraud***

6. Titan-West did not mine for gold in 2013. However, between October 2013 and February 2014 (Relevant Period) Davidson and Webster operated a boiler room to sell shares in Titan-West. As part of the boiler room, the Respondents leased office space, set up phone lines, and hired callers.
7. Davidson provided call lists from which Webster, and other callers, cold-called prospective investors. The callers:
  - (a) worked from scripts, which covered the various selling scenarios, and which were overly promotional;
  - (b) called prospective investors at their residences, cell phones, and work numbers;
  - (c) called some prospective investors multiple times; and
  - (d) emailed promotional material to prospective investors.
8. The Respondents failed to disclose to prospective investors the 2012 operating loss of \$566,050 on gold revenue of \$41,307. Instead, they disclosed an outdated 2012 “pro forma” financial statement with gross revenue of \$12 million and net operating income of \$6,959,418, which they knew to be inaccurate.
9. Four prospective investors who were contacted by callers invested \$172,000. As a result, Davidson and Webster perpetrated fraud contrary to section 57(b) of the Act.

### ***Breach of Cease Trade Order***

10. On February 13, 2014, the Corporate Finance Division of the Commission issued an Order under section 164(1) of the Act, ordering that all trading in the securities of Titan-West cease.
11. After the Order was issued:
  - (a) Titan-West callers emailed and telephoned prospective investors, soliciting investment in Titan-West; and
  - (b) Titan-West issued two promissory notes for \$27,000 to two previous Titan-West investors.



12. The foregoing conduct was in breach of the Order.

***Section 168.2***

13. Davidson and Webster, as directors and officers, or de facto directors and officers, of Titan-West, authorized, permitted or acquiesced in Titan-West's contraventions of section 57(b) of the Act and breaches of the Order and therefore contravened section 57(b) of the Act and breached the Order by operation of 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, March 21, 2017, at 9 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.

*Peter J. Brady*

*Feb 24, 2017 4:05 PM -08:00*

- ¶ 5 Peter J. Brady  
Executive Director