

Citation: 2016 BCSECCOM 369

Settlement Agreement

Verdmont Capital, S.A.

Securities Act, RSBC 1996, c. 418

- ¶ 1 The Executive Director of the British Columbia Securities Commission (Executive Director) and Verdmont Capital, S.A. (Verdmont) agree as follows:

Agreed Statement of Facts

Background

1. Verdmont is an investment dealer located in Panama. In January of 2016, Verdmont filed for liquidation and is no longer operating.
2. Verdmont has never been registered under the *Securities Act, RSBC 1996, c. 418* (the Act).
3. Starting in May of 2013, staff determined that:
 - (a) through representations on its website, Verdmont held itself out as offering worldwide securities and investment management services;
 - (b) Verdmont's website posted restrictions on United States residents using its advertised service, but did not include any restrictions on Canadian residents; and
 - (c) at least three former BC registrants were employed at Verdmont.
4. In July 2013, staff made inquiries of both Verdmont and the Panamanian securities regulator regarding accounts held by BC residents.
5. In August and September 2013, Verdmont provided account records for 12 BC clients. In October 2013, the Panamanian securities regulator provided staff with information with respect to over 100 Verdmont BC client accounts.
6. Collectively, staff received information concerning 112 Verdmont brokerage accounts for over 100 BC residents (the BC Accounts). The BC residents held the BC Accounts either in their own names, or in the names of offshore companies controlled by them.

7. Between January 2010 and August 2013 (the relevant period), Verdmont traded on behalf of clients in the BC Accounts.

Misconduct

8. Verdmont breached section 34(a) of the Act (persons who must be registered) in the relevant period by:
 - (a) offering or soliciting trades of securities through its website, where Verdmont held itself out as being in the business of trading in securities, without:
 - (i) prominently displaying a disclaimer that identifies the foreign jurisdictions in which the offering or solicitation is qualified to be made; and
 - (ii) taking reasonable precautions not to trade on behalf of BC residents; and
 - (b) trading in securities on behalf of over 100 BC residents without being registered with the Commission to do so.

Mitigating Factors

9. In November of 2012, prior to staff's investigation, Verdmont sought legal advice regarding the BC Accounts. Immediately upon determining that the BC Accounts were not in compliance with B.C. securities laws, Verdmont began to remedy the misconduct.
10. By the time staff received Verdmont's records in the fall of 2013, Verdmont had taken steps to freeze or close all of the BC Accounts. Verdmont also added a disclaimer to its website prohibiting Canadian residents from opening accounts.
11. Verdmont cooperated with Commission staff during the investigation.
12. There are no investor complaints or losses associated with Verdmont's misconduct.

Public Interest

13. Verdmont's conduct described in this settlement agreement is contrary to the public interest.
14. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

Undertaking

15. Verdmont undertakes to pay \$350,000.00 CAD to the Commission in respect of settlement of this matter, which sum is due and payable immediately without further demand.

Order

¶ 2 The Executive Director will issue an order (the Order) that:

1. under section 161(1)(b) of the Act, Verdmont permanently cease trading in, and is prohibited from purchasing any securities; and
2. under section 161(1)(d) of the Act, Verdmont is permanently prohibited from engaging in investor relation activities.

Consent to Regulatory Orders

¶ 3 Verdmont consents to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in as set out above in ¶ 2, “Order”, subparagraphs 1 and 2.

Waiver

¶ 4 Verdmont waives any right it may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this settlement.

Counterpart

¶ 5 This Settlement Agreement may be executed in counterpart or by electronic execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 November 2 , 2016

Shamima Bhana

¶ 7 _____
Verdmont Capital S.A.
Per: Shamima Bhana
Title: Liquidator

Mauro Perez)
Witness Signature)
Mauro Perez)
Witness Name (please print))
_____)
Ave. Aquilino de la Guardia No. 18)
Address)
Development Manager)
Occupation)

¶ 8 November 3 , 2016

Peter Brady

¶ 9 _____
Peter J. Brady
Executive Director