

Citation: 2018 BCSECCOM 169

## **Settlement Agreement**

**Paul Webster**

### ***Securities Act, RSBC 1996, c. 418***

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Paul Webster (Webster) agree as follows:

#### **Agreed Statement of Facts**

##### ***Background***

1. Webster is a resident of British Columbia. Between July 2011 and April 2014, he was a director and officer or *de facto* director and officer of Titan-West Explorations Inc. (Titan-West).
2. In 2012, Titan-West and Webster attempted to mine for gold in the Yukon. Webster relocated to the Yukon for this purpose. Based on information provided to him from the people who sold the claims, he understood there was a substantial amount of gold on the property. Titan-West's 2012 financial statements showed gold revenue of \$41,307 and an operating loss of \$566,050.
3. Titan-West is dissolved.

##### ***Misconduct***

4. Titan-West did not mine for gold in 2013. However, between October 2013 and February 2014, Titan-West and Webster raised capital for Titan-West.
5. Representatives of Titan-West provided some of the prospective investors promotional material, including a business plan and executive summary that Webster provided to the representatives.
6. The business plan provided to prospective investors did not disclose the 2012 operating loss of \$566,050 on gold revenue of \$41,307. Instead, the business plan disclosed an outdated 2012 "pro forma" financial statement with gross revenue of \$12 million and net operating income of \$6,959,418, which Webster ought to have known would be relied on by the investors.
7. Four prospective investors who received the business plan invested \$172,000.
8. On February 13, 2014, the Executive Director of the Commission issued an Order under section 164(1) of the *Securities Act*, R.S.B.C. 1996 (the Act),

ordering that all trading in the securities of Titan-West cease (Cease Trade Order).

***Misrepresentations***

9. Titan-West made misrepresentations to investors by failing to disclose the 2012 operating loss, and by disclosing the 2012 pro forma financial statements, contrary to section 50(1)(d) of the Act. As a director and officer of Titan-West, Webster authorized, permitted or acquiesced in Titan-West's misrepresentations.

***Breach of Cease Trade Order***

10. After the Cease Trade Order was issued:
- (a) Titan-West representatives 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. The \$27,000 comprises part of the \$172,000 mentioned above.
11. The foregoing conduct contravened the Cease Trade Order. As a director and officer of Titan-West, Webster authorized, permitted or acquiesced in Titan-West's contraventions of the Cease Trade Order.
12. Webster has advised the Executive Director that he received legal advice that Titan-West could borrow money despite the cease trade order. As a result, Webster did not think Titan-West was contravening the cease trade order by issuing promissory notes.

***Public Interest***

13. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

***Disgorgement***

14. Webster agrees to an order under section 161(1)(g) of the Act to pay \$48,000 to the Commission.

***Undertaking***

15. Webster undertakes to not directly or indirectly make an application for restoration of Titan-West.

### **Order**

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

1. under section 161(1)(d)(i), Webster resign any position he holds as a director or officer of an issuer or registrant;
2. Webster is prohibited for the later of 12 years from the date of this agreement and the date that the amount set out in sub-paragraph 3 below is paid:
  - (a) under section 161(1)(b)(ii), from trading in or purchasing any securities or exchange contracts, except that he may trade securities through a registrant in one non-registered account, one RRSP account and one TFSA account held in his own name if he first provides a copy of the Order to the registrant;
  - (b) under section 161(1)(c), from relying on any of the exemptions set out in the Act, the regulations or a decision;
  - (c) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant except that Webster may become or act as an officer or director of a company of which he owns all the shares;
  - (d) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
  - (e) under section 161(1)(d)(iv), from acting in a management or consultative capacity in connection with activities in the securities market; and
  - (f) under section 161(1)(d)(v), from engaging in investor relations activities;
3. Webster pay to the Commission \$48,000 pursuant to section 161(1)(g) of the Act.

### **Consent to Regulatory Orders**

¶ 3 Webster 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 paragraph 2 above.

**Waiver**

¶ 4 Webster waives any right he 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 facsimile 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 June 11, 2018

¶ 7 Paul Webster  
Paul Webster

Karen Bungar )  
Witness Signature )

Karen Bungar )  
Witness Name (please print) )

#A5-32081 Lougheed Highway )

Mission, BC V2V 1A3 )  
Address )

Notary Public )  
Occupation )

¶ 8 July 24, 2018

*Peter Brady*

¶ 9 Peter J. Brady  
Executive Director