



British Columbia Securities Commission

Citation: 2019 BCSECCOM 375

Settlement Agreement

George Lay

Securities Act, RSBC 1996, c. 418

¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and George Lay (Lay) agree as follows:

Agreed Statement of Facts

Background

1. Lay is a resident of British Columbia. He was formerly registered under the Act from January 2005 to March 2006. He is currently not registered in any capacity under the Act.
2. Lay has no history of securities regulatory misconduct.
3. Verico FS Capital Inc. (FS Capital) is a BC company and is part of the FS Group.

Misconduct

4. Lay was a nominee director of FS Capital from August 2014 to January 2017 (the relevant period). He is presently the sole director of FS Capital. He acted on the instructions of the *de facto* directors of FS Capital.
5. FS Capital raised approximately \$5.38 million from 35 investors during the relevant period without filing a prospectus and without being exempt from the prospectus requirement.
6. Lay was aware of, and participated in, FS Capital's fundraising during the relevant period as he:
 - was involved with incorporating and setting up FS Capital;
 - opened the FS Capital bank accounts and was an authorized signatory on the accounts;
 - was aware that FS Capital was not generating sufficient revenue on its own to pay its bills and needed to raise money from investors;



- prepared the loan agreement used by FS Capital to raise money from investors;
 - assisted in completing the loan agreements that FS Capital used to raise money from certain investors; and
 - signed every loan agreement between FS Capital and investors that form the illegal distribution.
7. As a result of the above activity, FS Capital illegally distributed securities contrary to section 61 of the Act. As a nominee director of FS Capital, Lay authorized, permitted or acquiesced in FS Capital's illegal distribution and therefore also contravened section 61 by operation of section 168.2 of the Act.

Mitigating Factors

8. Lay agreed to make early admissions with respect to the above-noted misconduct prior to the hearing of the alleged misconduct in the further amended notice of hearing.
9. Lay cooperated with staff throughout the investigation.
10. Lay invested \$350,000 of his own funds into the FS Group.

Public Interest

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

Undertakings

12. Lay undertakes to:
- (a) pay \$30,000 to the British Columbia Securities Commission, which is due and payable immediately without further demand;
 - (b) complete a course of study on the duties and responsibilities of corporate officers and directors that is acceptable to the Executive Director; and
 - (c) provide the Executive Director with evidence of his successful completion of the course.



Order

- ¶ 2 The Executive Director will issue an order (the Order) that:
1. under section 161(1)(d)(i), Lay resign any position he holds as a director or officer of an issuer or registrant;
 2. Lay is prohibited for the latter of three years or until he has fulfilled his undertakings in paragraph 12:
 - (a) under section 161(1)(b)(ii), from trading in any securities or exchange contracts, except that he may trade securities through a registrant in 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 being eligible for any or all 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;
 - (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.

Consent to Regulatory Orders

- ¶ 3 Lay 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 Lay 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 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 October 25 , 2019

¶ 7 George Lay
George Lay

(Redacted))
Witness Signature)
(Redacted))
Witness Name (please print))
_____)
(Redacted))
Address)
(Redacted))
Occupation)

¶ 8 October 29 , 2019

Peter J. Brady

¶ 9 Peter J. Brady
Executive Director