



British Columbia Securities Commission

Citation: 2013 BCSECCOM 169

## Notice of Hearing

**Adam Gant, Emanuel Arruda, and League Investment Services Inc.**

### **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. League Investment Services Inc. (LISI) is a B.C. corporation registered in all provinces as an exempt market dealer.
2. Adam Gant (Gant) and Emanuel Arruda (Arruda), through their family trusts, own 100% of LISI. They are also its officers and sole directors. Gant is LISI's Ultimate Designated Person. Arruda is in charge of LISI's investor relations activities.
3. Gant and Arruda are B.C. residents.

#### ***LISI promoted the sale of IGW Real Estate Investment Trust (IGW REIT) without proper disclosure***

4. During the period September 2010 to June 2012, LISI promoted the sale of IGW REIT securities through its website, brochures and its Blue Book of Real Estate Syndication (Blue Book).
5. IGW REIT is a real estate investment trust that owns commercial properties in Ottawa, Cornwall, Hamilton, Prince Albert, and Victoria. IGW REIT has about 2,200 investors, who as of June 19, 2013 had invested approximately \$290 million.
6. Gant and Arruda are trustees of IGW REIT. Gant is President of IGW REIT.
7. League Assets Corporation (LAC) manages IGW REIT. LAC earns management fees based on the sale of IGW REIT securities by LISI. In 2010, IGW REIT paid management fees of \$7.8 million to LAC.



8. Gant and Arruda, through their family trusts, own 100% of LAC and are its officers and sole directors. Gant is Chief Executive Officer and Arruda is President and Co-Chairman of LAC.
9. While promoting the sale of IGW REIT securities through its website, brochures, and Blue Book, LISI failed to disclose that its owners and sole directors—Gant and Arruda—are also:
  - (a) trustees of the issuer IGW REIT, whose securities LISI sells; and
  - (b) owners, officers, and the sole directors of LAC, IGW REIT's management company.

### **Misconduct**

10. By recommending an investment in IGW REIT securities, without disclosing its relationship or connection to IGW REIT and LAC, LISI contravened section 13.6 of National Instrument 31-103 prohibiting a registered firm from recommending a security of a connected issuer.
11. The Respondents' conduct described in this Notice of Hearing was contrary to the public interest.

### **Liability under s.168.2**

12. Gant and Arruda, as the sole directors of LISI, authorized, permitted or acquiesced in LISI's contraventions of Section 13.6 of National Instrument 31-103 and therefore also contravened those provisions under section 168.2 of the Act.

### **Orders Sought**

13. It is in the public interest that the Commission issue orders under sections 161 and 162 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, September 17, 2013 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 Respondent 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.

¶ 5 August 14 , 2013.

Paul C. Bourque

¶ 6 Paul C. Bourque, Q.C.  
Executive Director