



Citation: 2015 BCSECCOM 374

Notice of Hearing

William Raymond Malone

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 Respondent under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Background

1. William Raymond Malone (Malone) is a BC resident.
2. As a result of prior misconduct, Malone entered into a settlement agreement with the Executive Director. The resulting order (Order) prohibited him from engaging in investor relation activities, or acting as a director/officer of any issuer before the later of:
 - (a) three years from the date of the Order (January 29, 2009); and
 - (b) the date Malone successfully completed a course of study satisfactory to the Executive Director concerning the duties and responsibilities of directors and officers.
3. Malone has not completed the required course of study. The Order remains in effect.

Malone contravenes the Order by acting as a founder and de facto director of LKR

4. Lion King Resources Inc. (LKR) is a British Columbia company incorporated on March 2, 2010. LKR is a private company and is not a reporting issuer in BC.
5. Malone is a founder of LKR.
6. LKR was in the business of promoting and developing an iron ore property in the Atacama region of Chile, called Ramadilla.



7. In or around early 2010, during the period covered by the Order, Malone travelled to Chile and found the properties with the iron ore deposits over which LKR obtained mining licenses.
8. Malone installed his son, Ryan Malone (Ryan) as a director/officer of LKR. Ryan had no previous experience in mines, nor as a director/officer of an issuer. Ryan followed the direction of Malone with respect to LKR.
9. Despite the Order, Malone was a *de facto* director/officer of LKR from its incorporation until at least April or May of 2013. During that time, Malone occupied a similar position and performed similar functions to a director or officer.
10. For example, from 2010 to 2013:
 - (a) Malone was an authorized signatory on LKR's company bank account;
 - (b) Malone signed cheques on LKR's behalf, including cheques payable to himself;
 - (c) LKR's cheques had Malone's address on them; and
 - (d) Malone was paid over \$50,000 by LKR for travel and other "expenses".
11. Further, Malone:
 - (a) commissioned a technical report on behalf of LKR in 2011;
 - (b) was copied on legal advice provided to LKR in 2012;
 - (c) participated in conference calls between LKR founders and director/officers, and was copied on emails between directors/officers from 2010 to 2013;
 - (d) was present at the only board meeting the company held, in Edmonton, on March 16, 2013; and
 - (e) participated in negotiations on LKR's behalf in 2013.
12. By engaging in the conduct described in paragraphs 7 through 11 of this Notice of Hearing, Malone acted as LKR's director and officer in contravention of the Order.



Malone contravenes the Order by conducting investor relations activities on behalf of LKR

13. Between March of 2010 and April of 2013, various LKR principals and founders promoted and sold almost \$700,000 of LKR securities to 57 investors.
14. Malone solicited at least one investor, a BC resident, to purchase LKR securities in July of 2010.
15. Malone told the investor that he personally inspected LKR's Chile property, and showed the investor a bag full of sand containing specks of iron ore from the property. The investor purchased 33,000 shares of LKR for a value of \$5,000.
16. By engaging in the activities described in paragraphs 14 and 15, Malone engaged in investor relations activities in contravention of the Order.

Hearing Process

- ¶ 2 The Respondent or his counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia on **Tuesday, November 10, 2015, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by the 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 Respondent may be represented by counsel, make submissions and tender evidence. The Respondent is requested to advise the Commission of his intention to attend the Hearing by informing the Secretary to 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, B.C., V7Y 1L2, phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 If the Respondent or his 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 Respondent may be made in his absence.

Paul C. Bourque
Oct 8 2015 9:09 AM

- ¶ 5 Paul C. Bourque, Q.C.
Executive Director