

REPLY TO:  
**Zaid Sayeed**  
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**By Regular Mail**

February 5, 2026

Dear Ms. Gasarch:

**Zhiying Yvonne Gasarch  
Reciprocal Order Application**

I am writing this letter on behalf of the Executive Director of the British Columbia Securities Commission (the Executive Director).

This letter notifies you and the British Columbia Securities Commission (the Commission) that the Executive Director is applying for orders against you under sections 161(6)(b) and 161(1) of the *Securities Act*, RSBC 1996, c. 418 (the Act). The Executive Director is not seeking a financial penalty.

The Executive Director is making this application based on the decision of the United States District Court - District of Massachusetts (US Court) finding you breached sections of the US Securities Exchange Act of 1934 (*Securities Exchange Act (US)*) and Securities Act of 1933 (*Securities Act (US)*).<sup>1</sup>

**PROCEDURAL HISTORY AND FINDINGS**

1. On August 5, 2021, the US Securities and Exchange Commission alleged that you, in concert with others, engaged in market manipulation by fraudulently selling millions of dollars' worth of US penny stocks for profit (the Scheme).<sup>2</sup>
2. On September 27, 2023, following a ten-day hearing, a jury found that you had violated the following sections of the *Securities Exchange Act (US)* and *Securities Act (US)* which prohibit fraud and aiding abetting fraud in relation to securities:<sup>3</sup>

#	US ACT	SECTIONS / RULES	SUBJECT MATTER
1	<i>Securities Act (US)</i>	Section 17(a)(3)	Fraud in the offer or sale of securities
2	<i>Securities Act (US)</i>	Sections 17(a)(1) and 17(a)(3)	Aiding and Abetting Fraud in the Offer, Purchase, or Sale of Securities
	OR <i>Securities Exchange Act (US)</i>	OR Section 10(b), Rule 10b-5(a) and (c) thereunder	

<sup>1</sup> *Securities and Exchange Commission v. Sharp et al.*, Civil Action #: 1:21-CV-11276-WGY

<sup>2</sup> Complaint, filed August 5, 2021, Amended Complaint, filed September 9, 2022.

<sup>3</sup> Jury Verdict, dated September 27, 2023

3. On June 17, 2024, District Judge William G. Young (Young J.) issued a Memorandum and Order (Memorandum) responding to a motion for remedies brought by the SEC. The Memorandum included detailed findings about your conduct.<sup>4</sup>
4. On June 20, 2024, Young J. issued a judgment against you imposing the following<sup>5</sup>:
  - (a) a permanent injunction barring you from participating in the issuance, purchase, offer, or sale of any security except for your own personal account on a national exchange;
  - (b) a permanent bar from participating in an offering of penny stock;<sup>6</sup>
  - (c) a civil penalty in the amount of US\$269,651; and
  - (d) a disgorgement order in the amount of US\$2,522,367, joint and several with your co-conspirator, Frederick L. Sharp (Sharp).

#### **SUMMARY OF FINDINGS IN MEMORANDUM**

5. From approximately 2010 through at least 2019<sup>7</sup>, you and your co-conspirators engaged in a scheme to profit through a sequence of separate “pump and dump” endeavors. For each part of the Scheme, certain defendants<sup>8</sup>:
  - (a) Accumulated penny stocks in national markets in micro-cap companies;
  - (b) Promoted the penny stocks in these companies by using paid promotions to garner the attention and interest of unwitting investors; and
  - (c) Sold their stocks to investors through shell or nominee companies they formed in order to skirt securities laws that prohibit the unregulated sale of restricted and control securities.
6. The Scheme operated through fraud and deceit<sup>9</sup> and resulted in the fraudulent sale of more than US\$144 million worth of penny stocks<sup>10</sup>. This resulted in substantial losses to investors<sup>11</sup>.
7. Your role in the Scheme was to organize wire transfers of the proceeds from the illegal stock sales while concealing the beneficiaries, maintaining records in an encrypted accounting system, and routinely creating false invoices to support the payments.<sup>12</sup> You conspired directly with the ringleader, Sharp<sup>13</sup>, worked “at the hub” of the fraudulent enterprise, and aided and abetted Scheme clients in their violations<sup>14</sup>.
8. Your involvement in the Scheme was egregious and repeated, lasting for a decade<sup>15</sup>.
9. There is a reasonable likelihood, “not mere possibility”, that you will reoffend<sup>16</sup>.

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<sup>4</sup> Memorandum

<sup>5</sup> Judgment as to Defendant Zhiying Yvonne Gasarch, dated June 20, 2024

<sup>6</sup> Judgment, p. 4, Note: A “penny stock” was described as “any security that has a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act (17 C.F.R. § 240.3a51-1)”

<sup>7</sup> Amended Complaint, para 42

<sup>8</sup> Memorandum, pp. 5-6

<sup>9</sup> Memorandum, p. 34

<sup>10</sup> Memorandum, p. 9

<sup>11</sup> Memorandum, p. 34

<sup>12</sup> Memorandum, pp. 6-7

<sup>13</sup> Memorandum, p. 54

<sup>14</sup> Memorandum, pp. 38-39

<sup>15</sup> Memorandum, p. 11

<sup>16</sup> Memorandum, pp. 13-14

10. You failed to “recognize” the wrongfulness of your conduct<sup>17</sup>.
11. You, jointly with your co-conspirator Sharp, directly and personally profited from the Scheme in the amount of US\$2,522,367.<sup>18</sup>
12. In or about 2024, you were located in metropolitan Vancouver where you had not found gainful employment.<sup>19</sup> As of January 8, 2026, (i) you were listed as the director/officer of various BC companies which listed BC addresses for you (ii) you co-owned real property in Vancouver, and (iii) the Insurance Corporation of British Columbia database provided current and several historical<sup>20</sup> BC addresses for you. You currently reside in Vancouver, BC.<sup>21</sup>

### **THIS APPLICATION**

13. With this letter, the Executive Director is applying to the Commission for orders against you under section 161 of the Act. I have enclosed a copy of section 161 of the Act for your reference.
14. In making orders under section 161 of the Act, the Commission must consider what is in the public interest in the context of its mandate to regulate trading in securities.
15. Orders under section 161(1) of the Act are protective, preventative and intended to be exercised to prevent future harm.

[Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII), paras. 36, 39, and 56

16. In [Re Eron Mortgage Corporation](#), [2000] 7 BCSC Weekly Summary 22, and in subsequent decisions, the Commission identified factors to consider when determining orders under section 161(1).
17. The following factors from *Re Eron* are relevant in this proceeding:
  - (a) the seriousness of the respondent’s conduct,
  - (b) the harm suffered by investors as a result of the respondent’s conduct,
  - (c) the damage done to the integrity of the capital markets in British Columbia by the respondent’s conduct;
  - (d) the extent to which the respondent was enriched;
  - (e) factors that mitigate the respondent’s conduct;
  - (f) the respondent’s past conduct;
  - (g) the risk to investors and the capital markets posed by the respondent’s continued participation in the capital markets of British Columbia,
  - (h) the respondent’s fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers,
  - (i) the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets,

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<sup>17</sup> Memorandum, p. 17

<sup>18</sup> Memorandum, pp. 55-56

<sup>19</sup> Memorandum, p. 9

<sup>20</sup> Note: Various of these historical addresses were recorded during the time period of the market manipulation.

<sup>21</sup> Affidavit #1 of David Inglis, affirmed January 16, 2026

- (j) the need to deter those who participate in the capital markets from engaging in inappropriate conduct, and
- (k) orders made by the Commission in similar circumstances in the past.

[Re Eron Mortgage Corporation](#), [2000] 7 BCSC Weekly Summary 22

**Application of the Factors**  
**Seriousness of the Conduct**

18. After a ten-day hearing, a jury found you liable for fraud and aiding and abetting violations of securities laws. The Scheme involved conduct relating to a security, and you knew that your conduct would result in or contribute to a misleading appearance of trading activity in and an artificial price for the stock of multiple penny stock companies and the corresponding deprivation of misled shareholders. Had the conduct you engaged in and aided and abetted taken place in British Columbia, it would have contravened sections 57(a) and (b) of the Act, as written at the time of the misconduct, which prohibit market manipulation and the perpetration of fraud, respectively.
19. Fraud is the most serious misconduct under the Act owing to the deceit that will have been perpetrated upon investors and a finding of fraud requires that the respondent had the requisite mental intent (*or mens rea*) with respect to his or her misconduct.<sup>22</sup>
20. Market manipulations share two significant similarities with fraudulent misconduct. Like fraud, they require a finding of intent on the part of the respondent and some element of deceit (i.e. creating a misleading appearance of trading activity in, or an artificial price for, a security). As a consequence, Commission panels have consistently found that market manipulation is one of the most serious misconducts contemplated by the Act.<sup>23</sup>
21. You conspired to implement the Scheme, a coordinated and sophisticated plan to defraud investors. The Scheme involved illegal distribution, trading, and the failure to disclose beneficial ownership, the misleading of various capital markets participants, deceptive promotional campaigns, and disposing of shares in a manner designed to evade regulatory scrutiny. Your conduct ranks among the most serious violations contemplated under the Act.

**Harm suffered by investors**

22. In cases where the misconduct involves illegal distribution, fraud, market manipulation, illegal insider trading, or other market misconduct, Commission panels have consistently held that harm to investors can be inferred in the absence of evidence.<sup>24</sup>
23. Here the Scheme resulted in the fraudulent sale of over US\$144 million in penny stock. The Memorandum includes a total disgorgement amount of US\$42,503,547 and required you to pay US\$2,522,367 of that amount. In the Memorandum, Young J. also stated that it was inconceivable for the Scheme “to not have caused actual loss”<sup>25</sup>. While it is often impossible to calculate the entire extent of investor losses as a result of market manipulation, it is clear that you

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<sup>22</sup> [Re Bai](#), 2018 BCSECCOM 156, para. 9.

<sup>23</sup> [Re Hable](#), 2017, BCSECCOM 340, para. 8

<sup>24</sup> [Nuttall \(Re\)](#), 2012 BCSECCOM 97, para. 17

<sup>25</sup> Memorandum, p. 34

and your co-conspirators caused substantial harm to any investors who were trading based on the false information the Scheme produced.<sup>26</sup>

24. Additionally, market manipulation causes direct harm to markets. Per *Poonian (Re)*:

Market manipulation compromises the integrity of the entire market. Its impact extends beyond the victims who lost money to the investing public as a whole. In *De Gouveia, Re*, 2013 ABASC 249 the Alberta Securities Commission concluded that manipulative trading “undermines the integrity of the capital market. It is unfair to investors, and jeopardizes the confidence in the capital market on which legitimate investor interest and capital formation depend”.<sup>27</sup>

25. Therefore, your conduct caused reputational harm to capital markets which in turn affected the public. Reputational harm, however, is not constrained by national borders. Given the increasing integration of capital markets across North America and the fact that Canadian investors may purchase securities offered in the United States, damage to the reputation of US securities markets may jeopardize Canadian investor confidence in the integrity of capital markets generally.

#### ***Enrichment***

26. You benefitted from your misconduct, directly and personally profiting from the Scheme. While the Memorandum does not set out the exact amount by which you benefitted, the joint and several disgorgement order against you in the amount of US\$2,522,367 suggests significant enrichment.

#### ***Aggravating/Mitigating Factors***

27. The conduct is already at the highest level of seriousness and warrants permanent bans, which are the most severe penalties available under section 161(1). There are no known factors which would warrant any additional sanction, nor are there any mitigating circumstances which would warrant less severe sanction.

#### ***Risk to investors and the capital markets***

28. Market manipulation and fraud, by their very nature, involve deceit. Individuals who have participated in deceitful schemes involving British Columbia’s capital markets pose a significant ongoing risk to investors and to the integrity of the capital markets through continued participation.

#### ***Participation in our capital markets and fitness to be a registrant or a director or officer***

29. Participants who engage in the securities industry do so voluntarily and for their own profit. In exchange for the privilege of participating, individuals and companies must comply with securities laws. Compliance is paramount, ensuring the protection of the public and the integrity of the capital markets.
30. You have shown flagrant disregard for securities laws, and your misconduct was knowing and repeated. As you pose a significant ongoing risk to investors and the capital markets of British Columbia, your participation in our markets in any capacity would raise grave concerns for the protection of the investing public.
31. You are ill-suited to act as a registrant, director, officer, or promoter, or to act as an advisor to any private or public issuers going forward.

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<sup>26</sup> [Re Hable](#), 2017, BCSECCOM 340, para. 13

<sup>27</sup> [Poonian \(Re\)](#), 2015 BCSECCOM 96, para. 15

### ***Deterrence***

32. Prohibitions from the capital markets are required for general deterrence. Such sanctions will serve to deter others from committing market manipulation.
33. Furthermore, allowing those found to have committed serious misconduct in foreign jurisdictions to operate in British Columbia's capital markets without lengthy or impactful bans could broadcast that British Columbia is a safe haven for those unable or unwilling to comply with securities regulations and a potential target for further misconduct.
34. With respect to specific deterrence, a permanent ban will hinder you from engaging in similar misconduct here.
35. Through the orders sought, the Executive Director intends to demonstrate the consequences of your conduct, deter you from future misconduct, and create an appropriate general deterrent. Permanent market bans are proportionate to your misconduct and are necessary to ensure that you and others will be deterred from engaging in similar misconduct in the future.

### ***Previous orders***

36. The following decisions where market manipulation was found provide guidance on the appropriate sanction:

**a) *Re Dean*<sup>28</sup>**

Dean engaged in a fraudulent scheme with others to manipulate the price and effect illegal sales of a US issuer's shares. The scheme involved the falsification of transaction documents, foreign nominees, and complex measures to conceal illicit activities. The scheme generated approximately \$34M in illicit proceeds and Dean was enriched in the amount of \$120,000. He was an experienced securities lawyer who used specialized skills to enable his securities fraud. The panel issued a reciprocal order imposing permanent bans.

**b) *Re Hable*<sup>29</sup>**

Hable, the ostensible director of a company, caused it to issue a false take-over bid of a target issuer, of which he was a senior officer and former director. He also fabricated a document and provided it to the Commission. His scheme caused at least \$157,000 in investor losses and enriched him by the same amount. He used his relationship with the target to make his scheme appear more credible. The panel issued an order imposing permanent bans and requiring payment of an administrative penalty and disgorgement.

**c) *Re Deyrmenjian*<sup>30</sup>**

Craven, the managing director of a corporation, either himself or through the corporation, authorized accounts to funnel funding for a tout sheet marketing campaign and payments towards that campaign. The corporation knew or ought reasonably to have known that the campaign would result in an artificial price for an issuer's shares and Craven had actual knowledge of the corporation's contravention of section 57(a) of the Act, as it then was, and the ability to influence its actions. The scheme raised approximately USD\$18.1 million from sales of shares which were essentially worthless before and after the misconduct. There was no evidence that Craven was enriched by the misconduct. The SEC had previously obtained judgment against Craven for

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<sup>28</sup> [Re Dean](#), 2023 BCSECCOM 141

<sup>29</sup> [Re Hable](#), 2017 BCSECCOM 340

<sup>30</sup> [Re Deyrmenjian](#), 2019 BCSECCOM 93

carrying out a fraudulent “pump and dump” scheme. The panel issued an order imposing permanent bans against Craven and an administrative penalty.

37. The methods used to manipulate the markets in *Dean, Hable, and Deyrmenjian* were different but, in all three cases, permanent bans were deemed appropriate. Respondents who engage in schemes of market manipulation almost invariably attract permanent bans.
38. In this case, you deliberately created a scheme of market manipulation with your collaborators, and prior cases suggest that nothing less than permanent market bans will be sufficient to protect the public interest.

#### ***The Davis Consideration***

39. In the Court of Appeal decision of *Davis v. British Columbia (Securities Commission)*<sup>31</sup>, the Court identified that it is incumbent upon a tribunal to consider a respondent’s individual circumstances when determining whether measures short of permanent prohibitions would protect the investing public where a person’s livelihood is at stake.
40. The Executive Director is unaware of any individual circumstances that would support orders short of permanent market prohibitions in your case.

#### **ORDERS SOUGHT**

41. Although the Act does not set guidelines as to what sanctions are appropriate in each case, the Commission must consider what sanctions are available, what is reasonable based on the evidence known to it, and what is in the public interest.
42. In seeking orders under 161(1) of the Act, the Executive Director has taken the following factors into consideration when applying for orders in this proceeding:
  - (a) the circumstances of your misconduct;
  - (b) the factors from *Eron* and *Davis*;
  - (c) the sanctions ordered in previous cases cited above; and
  - (d) the public interest.
43. Based on the factors above, the Executive Director is seeking the following orders pursuant to section 161(1) of the Act:
  - (a) under section 161(1)(d)(i), you resign any position you hold as a director or officer of an issuer or registrant;
  - (b) you are permanently prohibited:
    - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives;
    - (ii) under section 161(1)(c), from relying on any of the exemptions set out in this Act, the regulations or a decision;
    - (iii) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant;

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<sup>31</sup> [\*Davis v. British Columbia \(Securities Commission\)\*](#), 2018 BCCA 149

- (iv) under section 161(1)(d)(iii), from becoming or acting as a registrant or promoter;
- (v) under section 161(1)(d)(iv), from advising or otherwise acting in a management or consultative capacity in connection with activities in the securities or derivatives markets;
- (vi) under section 161(1)(d)(v), from engaging in promotional activities by or on behalf of
  - (A) an issuer, security holder or party to a derivative, or
  - (B) another person that is reasonably expected to benefit from the promotional activity; and
- (vii) under section 161(1)(vi) from engaging in promotional activities on the person's own behalf in respect of circumstances that would reasonably be expected to benefit the person.

44. The Executive Director is not seeking any monetary sanctions against you.

#### **SUPPORTING MATERIALS**

45. In making this application, the Executive Director relies on the following, copies of which are enclosed:
- (a) Complaint
  - (b) Amended Complaint
  - (c) Jury Verdict
  - (d) Memorandum
  - (e) Judgment
  - (f) Affidavit #1 of David Inglis
  - (g) [\*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)\*](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII)
  - (h) [\*Re Eron Mortgage Corporation\*](#), [2000] 7 BCSC Weekly Summary 22
  - (i) [\*Re Bai\*](#), 2018 BCSECCOM 156
  - (j) [\*Re Hable\*](#), 2017, BCSECCOM 340
  - (k) [\*Nuttall \(Re\)\*](#), 2012 BCSECCOM 97
  - (l) [\*Poonian \(Re\)\*](#), 2015 BCSECCOM 96
  - (m) [\*Re Dean\*](#), 2023 BCSECCOM 141
  - (n) [\*Re Deyrmenjian\*](#), 2019 BCSECCOM 93
  - (o) [\*Davis v. British Columbia \(Securities Commission\)\*](#), 2018 BCCA 149

#### **YOUR RESPONSE**

46. You are entitled to respond to this application. To do so, you must deliver your response in writing, together with any supporting materials including any evidence you rely on, to the Commission Hearing Office by **March, 16 2026**. This application will be done in writing, but you can make a request to the Commission for an oral hearing.
49. If you do not respond by March 16, 2026, the Commission will decide this application and may make orders against you without further notice. The Commission will send you a copy of its decision.

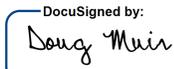
50. The contact information for the Commission Hearing Office is:

Commission Hearing Office  
British Columbia Securities Commission  
PO Box 10142, Pacific Centre  
12<sup>th</sup> Floor, 701 West Georgia Street  
Vancouver, BC V7Y 1L2  
E-mail: [hearingoffice@bcsc.bc.ca](mailto:hearingoffice@bcsc.bc.ca)  
Telephone: 604-899-6500

51. The Commission's Policy [BCP 15-601](#) applies to this application, in particular Part 5 - *Enforcement Orders Under Section 161(6)*. You should read and consider the entire Policy.

52. **If you have any questions regarding this application, please contact Mr. Zaid Sayeed, at 604-899-6993, or [zsayeed@bcsc.bc.ca](mailto:zsayeed@bcsc.bc.ca)**

Yours truly,

DocuSigned by:  


2/5/2026 12:08 PM PST

Douglas B. Muir  
Director, Enforcement

ZS/jc  
Enclosures

cc: Hearing Office (by email to [hearingoffice@bcsc.bc.ca](mailto:hearingoffice@bcsc.bc.ca))