

BRITISH COLUMBIA SECURITIES COMMISSION
Securities Act, RSBC 1996, c. 418

Citation: Re Sidhu, 2025 BCSECCOM 402

Date: 20250909

Order under section 161(6)

Kuldeep Singh Sidhu

Section 161 of the *Securities Act*, RSBC 1996, c. 418

Introduction

- [1] This is an order under sections 161(1) and 161(6)(a) of the *Securities Act*, RSBC 1996, c. 418.
- [2] On February 12, 2025, the executive director of the Commission applied (Application) for an order imposing sanctions on Kuldeep Singh Sidhu (Sidhu) under sections 161(1) and 161(6)(a) of the Act based on his criminal conviction for conspiracy to commit securities fraud.
- [3] In his Application, the executive director tendered affidavit evidence and submissions to the Commission.
- [4] Sidhu responded to the Application, providing written submissions.

Background

- [5] On June 29, 2018, Sidhu was indicted in a conspiracy to commit securities fraud and securities fraud by a Grand Jury in the United States District Court of the Southern District of California (US Court). The indictment alleged that Sidhu engaged in manipulative trading to inflate the share price of a United States company (the Company).
- [6] On September 27, 2018, Sidhu entered into a plea agreement with the United States Attorney where he agreed to plead guilty to conspiracy to commit securities fraud and the United States government agreed to dismiss the remaining securities fraud charge. Sidhu was represented by counsel.
- [7] In the plea agreement, Sidhu admitted that he:
 - (a) conspired with others to participate in a pump and dump scheme of the Company's shares in exchange for a percentage of the proceeds from the scheme. As part of the pump and dump scheme, Sidhu:
 - (b) agreed to or did identify parties to promote the Company's stock;
 - (c) made his offshore brokerage account available to hold the Company's stock for the benefit of the conspirators;
 - (d) "would obtain a percentage of the proceeds from the pump-and-dump scheme in exchange for his participation in the conspiracy";

- (i) made an agreement with a co-defendant to assist Sidhu to identify parties to promote the Company's stock "to artificially avoid the deflation of, maintain the price of, and inflate the share price of" the Company's stock;
- (ii) agreed with four of his co-defendants to:
 - (A) transfer large blocks of the Company's stock into brokerage accounts, including offshore accounts, that Sidhu and another co-defendant controlled;
 - (B) promote the Company's stock through a promotional website and high-pressure call rooms;
 - (C) co-ordinate press releases with promotional efforts;
 - (D) sell the Company's stock from his brokerage accounts at agreed on prices "after the co-conspirators' scheme had artificially avoided the deflation of, maintained the price of, and inflated the price of," the Company's stock;
 - (E) "distribute proceeds of the pump-and-dump scheme to some or all of the co-conspirators from the brokerage accounts"; and
- (iii) instructed his offshore brokerage firm to allow a co-defendant to trade the Company's stock.

[8] On March 6, 2019 the US Court filed an order accepting Sidhu's guilty plea.

[9] On September 9, 2021, the US Court filed Judgment in a Criminal Case in the matter of the *United States of America v. Kuldeep Sidhu*. The US Court judged Sidhu guilty of criminal conspiracy to commit securities fraud and ordered:

- (a) a custodial sentence of time served (342 days);
- (b) a supervised release of 3 years; and
- (c) a penalty assessment of US\$100.

[10] On January 20, 2023, the US Court filed an Amended Judgment in a Criminal Case that ordered Sidhu and his other co-defendants, jointly and severally, to pay restitution in the amount of \$67,184.91.

[11] According to the September 19, 2022, transcript of restitution hearing from the US Court, Sidhu was deported from the United States to Canada "after this case."

Position of the parties

Position of the executive director

[12] In his affidavit, the executive director stated that, based on an Insurance Corporation of British Columbia drivers license search and a Land Title and Survey Authority search, as of February 10, 2025, Sidhu's address was in Abbotsford, British Columbia. The

executive director also provided a BC Company Summary showing that Sidhu is the sole director of Platinum Cedar Sales Ltd. and that his address is the same as the other searches.

[13] In his Application, the executive director argued:

- (a) Sidhu “conspired to implement a complex scheme to defraud investors” and that his “deliberate conduct was amongst the most serious contemplated in the Act.”
- (b) Sidhu was enriched by “at least US\$67,184.91” for his participation in the conspiracy.
- (c) Sidhu’s guilty plea and acceptance of responsibility for his conduct in the US Court is a mitigating factor.
- (d) Sidhu’s deceitful conduct poses “a significant ongoing risk to investors and to the integrity of the capital markets of British Columbia.”

[14] Sidhu’s “flagrant disregard for securities laws” makes him “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.”

[15] The executive director is seeking the following orders pursuant to 161(1) of the Act:

- (a) under section 161(1)(d)(i), Sidhu resign any position he holds as a director or officer of an issuer or registrant;
- (b) Sidhu is permanently prohibited:
 - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that, if he gives a registered dealer a copy of this decision, he may trade in or purchase securities only through a registered dealer in:
 - (A) RRSPs, RRIFs, or tax-free savings accounts (as defined in the Income Tax Act (Canada)) or locked-in retirement accounts for his own benefit;
 - (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;
 - (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 Sidhu's own behalf in respect of circumstances that would reasonably be expected to benefit him.

Position of the respondent

[16] Sidhu seeks an order dismissing the Application. He makes the following arguments:

- (a) The limitation period has expired:
 - (i) Section 159 of the Act provides a 6 year limitation period.
 - (ii) Sidhu plead guilty on September 27, 2018, which is the "triggering event that commences the limitation period" as per *McLean v. British Columbia (Securities Commission)*, 2013 SCC 67, and *Re Fielder*, 2023 BCSECCOM 316.
 - (iii) The executive director filed the Application on February 12, 2025. Because the Application was outside of the 6 year limitation period, the executive director "is time barred from proceeding."
- (b) The orders sought are arbitrary and overly onerous:
 - (i) "The Commission reviews the orders made by the sanctioning jurisdiction and imposes corresponding orders" as per *Lines v. British Columbia (Securities Commission)*, 2012 BCCA 316.
 - (ii) The Application "conflates facts admitted to by Mr. Sidhu's co-conspirators with facts admitted to by Mr. Sidhu."
 - (iii) "The orders sought by the Director are overly broad and are factual findings rather than corresponding facts found in the Guilty Plea. Moreover, the orders sought are disproportionate to the orders made in the US criminal proceedings." Disproportionately harsh orders by administrative tribunals have been found by the British Columbia Court of Appeal in *Cooper v. British Columbia (Liquor Control and Licensing Branch)*, 2017 BCCA 451, to be unreasonable.
 - (iv) "The orders sought are arbitrary and disproportionately onerous" and fail to consider Sidhu's personal circumstances contrary to the British Columbia Court of Appeal decision, *Davis v. British Columbia (Securities Commission)*, 2018 BCCA 149.

- [17] Sidhu is a director in three British Columbia companies that are not engaged in the capital markets through which he earns his living. “Depriving Mr. Sidhu of his ability to earn a living and financially support himself and his family would be highly prejudicial. Preventing Mr. Sidhu from acting as a director of the Platinum Cedar entities will have no impact on the public interest, and would do nothing to protect the capital markets.”
- [18] Sidhu is “invested in the capital markets through several IPO investments that he cannot sell for the foreseeable future. Mr. Sidhu is at risk of losing these investments if the orders sought by the Director are made. Mr. Sidhu supports himself and his family financially through his investments and will be prejudiced by the orders sought.”
- [19] Sidhu relies on the September 27, 2018, US Court plea agreement, the Act and the three cases noted above. He did not provide any affidavit evidence.

Executive Director’s Reply

- [20] On May 20, 2025, the Executive Director provided his reply submissions. In it, he argued:
- (a) The Application was commenced within the limitation period.
 - (i) *McLean* and *Fielder* should be distinguished because in those cases the settlement and the plea agreement were accepted by the court on the same day but, in the US Court Sidhu decision, the plea agreement was only accepted by the court when a conviction was entered on March 4, 2019. That day is when the limitation period begins to run.
 - (ii) In *McLean*, the executive director was seeking orders under section 161(6)(d) of the Act which states that an order may be made if a person “has agreed with a securities regulatory authority...to be subject to sanctions, conditions, restrictions or requirements.”
 - (iii) The provisional signing of the plea agreement “cannot reasonably trigger the commencement of a limitation period” because “the events that give rise to the proceedings” in section 161(6)(a) are when a person “has been convicted in Canada or elsewhere of an offence.”
 - (b) The US Court judgment provides sufficient factual basis for the order.
 - (i) Sidhu’s claim that the orders sought are arbitrary and overly onerous because the “only action that the Respondent took in relation to the pump and dump scheme was to instruct his offshore brokerage firm to allow his co-conspirator to trade” the Company stock is contradicted by his plea agreement. Sidhu “discussed and agreed to detailed plans for the conspiracy. [Sidhu] then carried out those plans with his co-conspirators acting in concert.”
 - (c) Orders under section 161(6) may differ from the orders in the underlying decision.
 - (i) The panel in *Re Pierce*, 2016 BCSECCOM 188, stated that the Commission “cannot abrogate its responsibility to make its own

determination as to whether an order is in the public interest.” In determining if orders in the public interest are appropriate, “in a proceeding which relies on section 161(6), in considering whether to make orders under section 161(1), a panel can rely on an order from an originating body, but is not bound to issue the same order.”

- (d) The order requested is necessary and proportionate.
 - (i) Sidhu has not provided any evidence to support his claim that the requested orders would impact his livelihood. Without evidence, “the panel cannot evaluate his argument.”
 - (ii) Any prohibitions would be “confined to activities in the securities and derivatives market” and the proposed order “does not prevent him from working as a regular employee or earning dividends from the companies he has identified.”
 - (iii) The “sanctions imposed by a criminal court in the United States are intended to penalize. In contrast, a commission panel imposes prohibitions not for the purpose of penalizing the Respondent, but for the purpose of protecting the public in British Columbia against the risk of future harm. Prison sentences are often significantly shorter than the time periods during which a respondent might pose a threat to the public. It is the continuing risk to the public, and not the fact that the Respondent has served a criminal sentence, that should guide the sanction ordered by this panel.”
 - (iv) Sidhu engaged in a serious market manipulation in the United States and “may similarly use corporate directorships, officer positions, or other positions of influence in the securities industry to contravene Canadian securities law. Therefore, broad permanent bans are necessary to protect the public interest.”

Analysis

- [21] The Commission is established under the Act to regulate the capital markets in British Columbia. Central to the Commission’s mandate under the Act is to protect the investing public from those who would take advantage of them, and to preserve investor confidence in the regulated capital markets.

Limitation period

- [22] The executive director applied for orders under sections 161(1) and 161(6)(a). Section 161(6)(a) states:

The commission or the executive director may, after providing an opportunity to be heard, make an order under subsection (1) in respect of a person if the person

- (a) has been convicted in Canada or elsewhere of an offence
 - (i) arising from a transaction, business or course of conduct related to securities or derivatives, or
 - (ii) under the laws of the jurisdiction respecting trading in securities or derivatives

- [23] Section 161(6) facilitates cooperation between the Commission and other securities regulatory authorities, self-regulatory bodies, exchanges, and the courts. The Supreme Court of Canada in *McLean v. British Columbia (Securities Commission)*, 2013 SCC 67, stated, at paragraph 54:

...s. 161(6) obviates the need for inefficient parallel and duplicative proceedings in British Columbia by expressly providing a new basis on which to initiate proceedings. In other words, s. 161(6) achieves the legislative goal of facilitating interprovincial cooperation by providing a triggering "event" *other than the underlying misconduct*. The corollary to this point must be the ability to actually rely on that triggering event -- that is, the other jurisdiction's settlement agreement (or conviction or judicial finding or order, as the case may be) -- in commencing a secondary proceeding. [emphasis in the original]

- [24] Sidhu relies on *Fielder (supra)* to support his argument that the date of a guilty plea is the triggering event for the start of the limitation period. In particular, he relies on paragraph 53 of the decision:

The limitation period is six years. *McLean* establishes that the triggering event that triggers the commencement of the limitation period is the guilty plea entered on August 28, 2014. This proceeding was commenced by application made on August 4, 2020, before the limitation period expired, and we find that the executive director commenced these proceedings within the time frame contemplated by the Act.

- [25] The panel in *Fielder* noted that Fielder's guilty plea was "entered on August 28, 2014," which is also the same day that Fielder was convicted.

- [26] Section 161(6)(a) specifically states that the Commission can only make an order under the section if a person "has been convicted." The September 27, 2018, plea agreement between the defendant, his counsel, and the United States Attorney is not a conviction.

- [27] The US Court accepted that plea agreement on March 6, 2019, when it filed an order accepting Sidhu's guilty plea and only found Sidhu guilty of conspiracy to commit securities fraud when it filed its judgment in a criminal case on September 9, 2021.

- [28] We find that, on a plain reading of section 161(6)(a), that subsection of the Act requires a conviction "in Canada or elsewhere" and therefore the "triggering event", as per paragraph 54 of *McLean (supra)*, is "the other jurisdiction's settlement agreement (or conviction or judicial finding or order, as the case may be)" [emphasis added]. Section 161(6)(a)'s requirement for a conviction must be distinguished from section 161(6)(d)'s requirement for an agreement with a securities regulatory authority, a self regulatory authority or an exchange.. They are not interchangeable. The executive director correctly relied on section 161(6)(a) in his application because Sidhu was ultimately convicted of an offence and his conviction, not his plea agreement, was the end of his proceedings before the US Court.

The orders sought, proportionality, and the public interest

- [29] We have considered the submissions of the parties, the circumstances of Sidhu's misconduct, and the factors from *Re Eron Mortgage Corporation*, [2000] 7 BCSC Weekly Summary 22, and *Davis v. British Columbia (Securities Commission)*, 2018 BCCA 149.

[30] As noted by the panel in *Re Poonian*, 2015 BCSECCOM 96, at paragraph 15:

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”.

[31] The executive director submitted in the Application that Sidhu’s guilty plea in the US Court’s criminal proceedings was a mitigating factor because he accepted responsibility for his conduct and avoided a potentially lengthy hearing.

[32] The executive director cited *Re Dean*, 2023 BCSECCOM 141, *Re Hable*, 2017 BCSECCOM 340, and *Re Deyrmenjian*, 2019 BCSECCOM 93, in support of his position that permanent market bans are appropriate.

[33] *Dean* is also an order under section 161 of the Act. Dean was accused of a sophisticated market manipulation with others that generated approximately \$34 million US at artificially inflated prices. Dean was enriched by \$120,000 for his part in the scheme. The US Court in the Southern District of New York ordered default judgment and found that Dean had violated a number of provisions of United States securities law and permanently banned him from participating in an offering of penny stock and ordered him to pay a civil penalty of \$160,000 United States dollars. The executive director sought permanent market bans. Dean opposed the executive director’s application. The panel found that the executive director had made his case and ordered permanent market bans.

[34] *Hable* was a sanctions decision after the panel had found that Hable had committed fraud when he created an artificial price for the securities of a company that he was a director of and that he fabricated a document to give to a Commission investigator. The panel found that Hable obtained \$157,596.96 through his beneficial ownership of trading accounts. The panel ordered permanent market bans plus disgorgement and an administrative penalty.

[35] *Deyrmenjian* was a sanctions decision. In the liability decision, the panel found that the respondents engaged in conduct that resulted in an artificial price of a company. The Application focussed on one of the respondents in *Deyrmenjian* who was the managing director of a corporation and that he and his corporation funded a tout sheet marketing campaign for another company. There was no evidence that that respondent had been enriched through the scheme. The panel ordered permanent market bans on that respondent who had a history of securities regulatory misconduct

[36] Sidhu argued that we must consider his personal circumstance when making orders as per the Court of Appeal in *Davis (supra)*. However, he did not provide any evidence with his submissions beyond the bald statements that the proposed orders would prevent him “from financially supporting himself.” Without evidence, we cannot find that there are individual or other circumstances that would support orders short of a permanent ban.

[37] Sidhu’s misconduct was extremely serious. As noted in his plea agreement, Sidhu conspired with others in a scheme to defraud investors by manipulating the Company’s stock for his personal monetary gain. By doing so, he demonstrated that he is dishonest

and untrustworthy and therefore unfit to participate in the capital markets. Permanent prohibitions on Sidhu are warranted.

- [38] Despite Sidhu's misconduct, we agree with the executive director's proposed carve out that would let Sidhu trade or purchase securities in RRSPs, RRIFs, or tax-free savings accounts through a registered dealer. Trading in these types of accounts for the sole benefit of Sidhu does not pose a risk to the public and the capital markets so long as he provides the registered representative with a copy of this order and trades through that dealer.
- [39] Sidhu wishes to remain a director of three British Columbia companies: Platinum Cedar Sales Ltd., Platinum Holdings Ltd., and Platinum Transit Ltd. He also wants to keep his current investments in "several IPO investments that he cannot sell for the foreseeable future."
- [40] Sidhu did not provide any evidence about the structure of the three companies or any details about his IPO investments. The executive director provided the details for Platinum Cedar Sales Ltd. that show that Sidhu is the sole director and officer.
- [41] We do not find it to be in the public interest to prevent Sidhu from financially supporting himself. If Sidhu is the sole director, officer, and shareholder of Platinum Cedar Sales Ltd., Platinum Holdings Ltd., and Platinum Transit Ltd., then we will permit him to keep those companies in his own name. We will not permit those companies to be traded in the public markets given Sidhu's history of market manipulation. If Sidhu is not the sole director, officer, and shareholder, then he must resign any position he holds as a director or officer.
- [42] Sidhu may have IPO investments but he did not provide any evidence of their nature. Without this information, we cannot provide any carve out from the terms of this order that may allow Sidhu to access the markets in respect of the IPO investments. Until Sidhu provides this information, his IPO investments must remain passive. If he wishes to trade in his IPO investments, then Sidhu must bring an application before the Commission that requests a variation in this order.

Order

- [43] We find that it is in the public interest to order that:
- (a) under section 161(1)(d)(i), Sidhu resign any position he holds as a director or officer of an issuer or registrant except that he may remain a director or officer of Platinum Cedar Sales Ltd., Platinum Holdings Ltd., and Platinum Transit Ltd. so long as Sidhu is the sole director, sole officer, and sole shareholder of those three companies;
 - (b) Sidhu is permanently prohibited:
 - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that, if he gives a registered dealer a copy of this decision he may trade in or purchase securities only through the registered dealer in RRSPs, RRIFs, or tax-free savings accounts (as defined in the Income Tax Act (Canada)) or locked-in retirement accounts for his own benefit;

- (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;
- (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)(d)(vi) from engaging in promotional activities on Sidhu's own behalf in respect of circumstances that would reasonably be expected to benefit Sidhu.

September 9, 2025

For the Commission

Gordon Johnson
Vice Chair

Douglas Seppala
Commissioner