

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

Citation: Re Del Bianco, 2025 BCSECCOM 205

Date: 20250430

Order under section 161(6)

David John Del Bianco

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 18, 2025, the executive director of the Commission applied (Application) for an order imposing sanctions on David John Del Bianco (Del Bianco) under sections 161(1) and 161(6)(a) of the Act based on his criminal conviction for fraud over \$5,000 and laundering the proceeds of crime made by the Court of King's Bench of Alberta.
- [3] In his Application, the executive director tendered affidavit evidence and submissions to the Commission.
- [4] We find that the executive director provided notice of the Application to Del Bianco. Although Del Bianco was provided the opportunity to tender evidence and make submissions, he did not participate in the hearing.

Background

- [5] On July 28, 2023, in *Rex v Del Bianco*, 2023 ABKB 430, Del Bianco was convicted of one count of fraud involving securities over \$5,000, contrary to section 380(1) of the *Criminal Code*, RSC 1985, c C-46, and laundering the proceeds of crime contrary to s 462.31 of the *Criminal Code* (Reasons for Judgment).
- [6] On December 18, 2023, in *His Majesty the King v. Del Bianco*, 2023 ABKB 723, the Honourable Justice Devlin of the Court of King's Bench of Alberta sentenced Del Bianco to:
 - (a) 4.5 years imprisonment for the fraud conviction and a concurrent sentence of one year for the money laundering conviction;
 - (b) restitution of \$229,138 to seven victims of his fraud;
 - (c) an order to provide a sample of his DNA; and
 - (d) an order barring Del Bianco from seeking or holding any position that involves authority over the property, money, or valuable security of any other person for 10 years.

(Sentencing Judgment)

- [7] According to the Sentencing Judgment, Del Bianco “systemically stole from simple, honest, hardworking Albertans through a cruel and persistent securities fraud”. The court stated: “The present fraud, which ran from 2010 to 2014 (the “relevant period”), resulted in confirmed losses of \$523,832.50 to several dozen investors.” The court also noted:
- (a) Del Bianco “promoted an investment purporting to be a startup-up legal services insurance company operating under variations of the name “Equal Rights”” where “members would pay a monthly premium and, if they ever faced legal trouble, Equal Rights would pay for their defense” plus investors would receive “prodigious profits”;
 - (b) “Equal Rights was never close to being a viable business....There is no evidence that Equal Rights ever sold a single policy or subscription, had capitalization sufficient to sell insurance, or had any physical infrastructure sufficient to do so”;
 - (c) Equal Rights’ “board had straw-man directors who knew nothing of their purported directorships. Its shares were sold on a basis that bore no connection to any valuation. There was no evidence that Mr. Del Bianco set up any corporate structure or bookkeeping system. Equal Rights amounted to little more than a stack of promotional materials, a URL, and bank accounts from which Mr. Del Bianco drew a living”;
 - (d) “Del Bianco aggressively promoted Equal Rights as an investment opportunity. Because of their lack of financial sophistication and their trusting natures, his investors believed that their investments in Equal Rights would make them rich, despite the relatively modest sums they invested. For this reason, Mr. Del Bianco often went back to previous investors, or used previous investors to recruit others into the scheme unwittingly. His choice of venue and victims was anything but accidental”;
 - (e) Del Bianco “repeatedly told prospective investors that Equal Rights was on the cusp of becoming a profitable venture and just needed a little more capital. He listed two established and credible members of the local business community as directors of Equal Rights without their knowledge or consent, in order to make Equal Rights appear legitimate. When investors put their money into Equal Rights, Mr. Del Bianco, or his dupe, issued them “Share Receipts”—valueless slips of paper—rather than share certificates. Mr. Del Bianco personally signed many of these Share Receipts and was aware that his investors falsely believed the Share Receipts to be placeholders for real share certificates. The real reason he did not issue actual certificates was likely that he was still under a prohibition from doing so dating from his previous dalliances with quasi-criminal prosecution”;
 - (f) “Del Bianco directed, or redirected, the money his investors put into Equal Rights to his own benefit, treating the company as a bank to fund his lifestyle” including using investor funds “for groceries, clothing, travel, and to pay his personal residential mortgage”;

- (g) Del Bianco “targeted blue-collar, financially unsophisticated people, predominantly from rural areas in northwest Alberta, none of whom had the wealth to justify investing in highly speculative private placements”; and
- (h) “Del Bianco bullied and badgered his targets to put more money into the scheme. In one case, when a victim started to ask probing questions about Equal Rights, Mr. Del Bianco screamed at and threatened her over the phone, implying he had mafia connections and making a none-too-subtle death threat.”

[8] The court noted in the Sentencing Judgment, at paragraph 14:

The losses in this case may seem minor in the usual milieu of securities frauds, but their impacts are much magnified by the modesty of the financial means of the people who suffered them. In terms of moral culpability, I find that this crime mirrors the human impact and calculated cruelty of a multi-million-dollar fraud committed against richer and more sophisticated investors.

Position of the executive director

[9] The executive director is applying for the following orders against Del Bianco under 161(1) of the Act:

- (a) under section 161(1)(d)(i), Del Bianco resign any position he holds as a director or officer of an issuer or registrant;
- (b) Del Bianco 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 Del Bianco's own behalf in respect of circumstances that would reasonably be expected to benefit Del Bianco.

Analysis

- [10] 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.
- [11] Section 161(6) facilitates cooperation between the Commission and other securities regulatory authorities, self-regulatory bodies, exchanges, and the courts. If the requirements of the section are met and it is in the public interest, the Commission may issue orders without the need for inefficient parallel and duplicative proceedings in British Columbia (*McLean v. British Columbia (Securities Commission)*, 2013 SCC 67, at para. 54).
- [12] Under section 161(6)(a), the Commission may, after providing an opportunity to be heard, make an order in respect of a person if the person has been convicted in Canada of an offence arising from a transaction, business or course of conduct related to securities or derivatives.
- [13] In his Application, the executive director noted that the Alberta Securities Commission, in *Re Del Bianco*, 2024 ABASC 193, had found that the investments that underlay Del Bianco's criminal conviction were investment contracts and, therefore, Del Bianco's "conviction arose from a transaction, business or course of conduct related to securities."
- [14] "Security" is defined in section 1 of the Act and includes:
 - (c) a document evidencing an option, subscription or other interest in or to a security
 - (f) an agreement providing that money received will be repaid or treated as a subscription to shares, stock, units or interests at the option of the recipient or of any person
 - (l) an investment contract
- [15] Investment contracts were defined in the Supreme Court of Canada decision, *Pacific Coast Coin Exchange of Canada Limited v. Ontario (Securities Commission)*, [1978] 2 S.C.R. 112, as: "Does the scheme involve "an investment of money in a common enterprise, with profits to come solely from the efforts of others." This followed the definition in *Securities and Exchange Commission v. Howey* (1946), 328 U.S. 293.
- [16] Del Bianco's investment opportunity meets the definition of an investment contract as defined in *Pacific Coast Coin*: investors invested money with Del Bianco with the expectation of profit solely from Del Bianco's efforts. It also meets the elements of:

- (i) a document evidencing a subscription or other interest in or to a security as defined in subsection (c) of section 1 of the Act; and
 - (ii) a subscription agreement as defined in subsection (f) of section 1 of the Act.
- [17] We find that the scheme offered by Del Bianco meets the definition of security in section 1(c), 1(f), and 1(l) of the Act and that Del Bianco was convicted in Canada “of an offence ... arising from a transaction, business or course of conduct related to securities or derivatives” as per section 161(6)(a) of the Act.
- [18] The executive director tendered affidavit evidence that Del Bianco’s last known address was at a Calgary, Alberta halfway house. The affidavit stated that this address was provided by senior enforcement counsel at the Alberta Securities Commission (ASC) and that an ASC investigator had served Del Bianco at that address.
- [19] The executive director also provided affidavit evidence that Del Bianco incorporated a company in British Columbia with its registered office in Victoria. The executive director attached as an exhibit to his affidavit a BC Company Summary for a company called Equal Rights Legal Defence Alliance Inc. This company was incorporated on August 21, 1997, and was dissolved for failure to file on June 22, 2015. Del Bianco was listed as director, president, and secretary of this company.
- [20] In the Reasons for Judgment, the court stated that there “was also evidence of a wire transfer to ER [Equal Rights] with a Victoria, BC address.”
- [21] We find that, by using a British Columbia company, or at least a bank account associated with Equal Rights, to help conduct his fraud, Del Bianco has a direct connection with British Columbia.
- [22] The executive director stated that there were no mitigating factors for us to consider “in the context of the protective, preventative orders” sought.
- [23] The executive cited *Re DominionGrand*, 2019 BCSECCOM 335, *Re Nickford*, 2018 BCSECCOM 57, and *Re Castiglioni*, 2011 BCSECCOM 62, in support of his position that permanent bans are appropriate.
- [24] *DominionGrand* and *Nickford* were sanctions decisions that resulted in permanent bans being placed on the respondents.
- [25] In *DominionGrand*, the respondents perpetrated a fraud of approximately \$1.1 million on 40 investors by diverting the investors’ funds away from the original purpose of the investments.
- [26] In *Nickford*, Nickford perpetrated a fraud on 13 investors by diverting at least \$318,141 from her financial services firm for her personal use.
- [27] *Castiglioni* was a liability and sanctions decision that also resulted in permanent bans against the respondents. Castiglioni perpetrated a fraud by using \$840,000 of investors’ funds to enrich himself and his wife’s company and gave \$91,000 to other investors. Castiglioni also made untrue representations.

- [28] The three cases relied on by the executive director were frauds similar to the fraud that Del Bianco was found guilty of. The quantum of the frauds in the three cases is larger than Del Bianco's fraud but, as the court noted in the Sentencing Judgment, "this crime mirrors the human impact and calculated cruelty of a multi-million-dollar fraud committed against richer and more sophisticated investors."
- [29] We have considered the Application, the circumstances of Del Bianco'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] Del Bianco's misconduct was extremely serious. As noted in the Application, "confidence in our capital markets is dependent on the honesty and integrity of those who participate in it." The court in the Sentencing Judgment stated that "Del Bianco manifests, at a minimum, narcissism, a lack of empathy, and a reflex to lie pathologically. He is fawningly complimentary to those who support him or buy into his lies, and attacks with savage ferocity those who question them. I find that he is capable of casual cruelty and great harm." The court further noted that Del Bianco "takes no responsibility for his crimes and did not show any understanding of the impact he has had on the community". We find that Del Bianco is unfit to participate in the British Columbia capital markets and that permanent prohibitions are warranted.
- [31] In the Application, the executive director seeks a carve out that would allow Del Bianco to trade in or purchase securities in RRSPs, RRIFs, tax-free savings accounts, or locked-in retirement accounts in his own behalf so long as these trades or purchases are through a registered dealer who has a copy of this decision.
- [32] Despite Del Bianco's misconduct, trading in his own accounts for his sole benefit does not pose a risk to the public and the capital markets so long as he provides the registered dealer with a copy of this order.

Order

- [33] We find that it is in the public interest to order that:
- (a) under section 161(1)(d)(i), Del Bianco resign any position he holds as a director or officer of an issuer or registrant;
 - (b) Del Bianco 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 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 Del Bianco's own behalf in respect of circumstances that would reasonably be expected to benefit Del Bianco.

April 30, 2025

For the Commission

Gordon Johnson
Vice Chair

Douglas Seppala
Commissioner

**On May 6, 2025, the panel issued a correction to the Order under section 161(6). The revisions are incorporated in paragraph 2.*