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News Release

BCSC alleges wash trading by Toronto securities lawyer

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Vancouver – The BC Securities Commission [is alleging](#) that a Toronto lawyer directed a wash trade to artificially lower the share price of a B.C.-based company.

In January 2024, Shimshon Refoel (Shimmy) Posen, a securities lawyer who lives in Ontario, was working for a law firm that had the B.C. company as a client. The company, which is listed on the Canadian Securities Exchange (CSE), wanted to sell 10 million shares in a private placement for \$0.03 a share.

The CSE requires that if one of its listed companies wants to sell shares in a private placement below \$0.05 a share, the price cannot be lower than its volume-weighted adjusted price (VWAP) over the prior 20 trading days. At the time, the 20-day VWAP of the company's shares was \$0.078.

To drive down the share price, the BCSC alleges that Posen placed an order to buy 50,000 shares at \$0.005 per share in an online investment account in his name. Later that day, he directed a matching sell order for 50,000 shares at \$0.005 per share, by instructing a registered representative to enter the sell order in an investment account in the name of a holding company owned by Posen's wife, over which Posen had trading authority. This type of transaction is known as a "wash trade."

A few days later, Posen's law firm, on behalf of the B.C. company, informed the CSE that the company's 20-day VWAP was now below \$0.03. The CSE then approved the private placement at \$0.03.

The BCSC alleges that Posen violated B.C.'s *Securities Act* because he knew, or reasonably should have known, that the wash trade would result in or contribute to a misleading appearance of trading activity in, and an artificial price for, the company's shares.

The BCSC's allegations have not been proven. The Commission requires Posen or his counsel to appear at the BCSC's offices on May 6, 2025 if he wants to be heard before a hearing is scheduled.

About the BC Securities Commission (www.bcsc.bc.ca)

The BC Securities Commission, an independent provincial government agency, strives to make the investment market benefit the public. We set rules, monitor compliance by industry, take action against misconduct, and provide guidance to investors and industry. As guardians of B.C.'s investment market, we're committed to maintaining a market that is honest,

fair, competitive and dynamic, enabling British Columbians to thrive.

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