



## Mining company CEO penalized for false or misleading statements

2019/23  
April 9, 2019

**Vancouver** – A panel of the British Columbia Securities Commission (BCSC) [has imposed](#) a \$150,000 penalty on the president and chief executive officer of Mountainstar Gold Inc. for making false or misleading statements.

In addition to the penalty, Brent Hugo Johnson must resign any position as a director or officer of an issuer or registrant, and is permanently prohibited from taking any such role. Johnson also was permanently barred from trading in or purchasing securities or exchange contracts; relying on any exemptions of the *Securities Act*; becoming or acting as a registrant or promoter; acting in a management or consultative capacity in the securities market; or engaging in investor relations activities.

The panel also permanently prohibited any trading in or purchasing of securities of Mountainstar, a B.C. reporting issuer.

A BCSC panel found in October 2018 that Mountainstar, between 2012 and 2015, made repeated false or misleading statements in its required disclosure documents about Chilean mining claims and related legal proceedings in Chile, or that Mountainstar omitted facts necessary to make the statements not false or misleading. Johnson was the president, the chief executive officer and a director of Mountainstar during that period, and the panel found that he knew about the disclosure and had the ability to influence the content.

In imposing the sanctions, the panel noted that Johnson's actions took place over three years, and cited as an aggravating factor his "negligent manner" of verifying the truthfulness of the company's disclosure. The panel said it is unlikely that investors would have invested in Mountainstar if the company had accurately disclosed the facts surrounding the mining claim and related legal proceedings.

"Although in this case, there is no specific evidence of the amount of the loss to investors, given the fundamental nature of the false and misleading disclosure, it is reasonably likely that such losses were significant," the panel wrote. It continued,

"Members of the investing public should be able to rely on directors and senior public officers of public issuers to be diligent in ensuring that disclosure about the issuer and its securities is fair, accurate and timely."

The sanctions decision can be viewed at [www.bcsc.bc.ca](http://www.bcsc.bc.ca), by typing "Mountainstar" or "Brent Hugo Johnson" in the search box. Information about disciplinary proceedings can be found in the Enforcement section of the BCSC website.

### **[About the British Columbia Securities Commission \(www.bcsc.bc.ca\)](http://www.bcsc.bc.ca)**

The British Columbia Securities Commission is the independent provincial government agency responsible for regulating capital markets in British Columbia through the administration of the *Securities Act*. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital

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