



British Columbia Securities Commission

Citation: 2017 BCSECCOM 243

Amended Notice of Hearing

SBC Financial Group Inc. and Prabhjot Singh Bakshi

(the Respondents)

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

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Summary

1. The Respondents sold \$3 million of SBC Financial Group Inc. (SBC) securities without being registered. Prospectus exemptions were not available for \$2.3 million of these sales.
2. Prabhjot Singh Bakshi (Bakshi) told three of SBC's investors that SBC had purchased the rights to a land development project in Hawaii (the Hawaii Project), that SBC was advised by their lawyers that investment funds would be held in an escrow account, and that the funds would be put towards a lot in the Hawaii Project.
3. These three investors invested \$400,000 but Bakshi did not forward their money to the Hawaii Project. In fact, SBC had not purchased the rights to the Hawaii Project, and the law firm did not represent SBC or maintain an escrow account.
4. By engaging in the conduct set out in this Notice of Hearing, the Respondents contravened sections 34(a) and 61 of the Act, and Bakshi breached section 57(b) of the Act.
5. As the sole director and officer of SBC, Bakshi authorized, permitted or acquiesced in SBC's contraventions of sections 34(a) and 61 of the Act and therefore contravened those same provisions under section 168.2 of the Act.

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Background

6. SBC is a company incorporated in British Columbia. No prospectus has ever been filed in respect of the distribution of securities of SBC.
7. Bakshi is a resident of British Columbia. He was the sole director and officer of SBC. Bakshi was registered under the Act from 2000 until 2009, but was not registered under the Act in any capacity at the relevant time.

Misconduct

Illegal distribution

8. Between August 2010 and September 2014, the Respondents distributed securities of SBC to investors (the SBC Securities), who made 59 investments totaling approximately \$3 million.
9. Approximately \$2.3 million of SBC's distributions did not qualify for any exemptions from the prospectus requirements of the Act.
10. Bakshi controlled SBC and its bank account, prepared and signed SBC documents provided to investors and raised money from investors for SBC directly and through two finders, whom he paid commissions for referring investors to SBC.
11. The Respondents promised that investors would receive interest of 5% to 30% per year.
12. The Respondents used investors' money to invest into various private companies, start-up businesses and stocks.
13. The Respondents paid approximately \$500,000 to investors as interest and principal.
14. The Respondents' investments did not generate enough returns to satisfy ongoing interest obligations due to investors, and on January 23, 2015, SBC declared bankruptcy. The investors did not recover any money from the bankruptcy.

Fraud

15. In early 2013, Bakshi solicited three individuals who had invested in the SBC Securities (Investors A, B and C) to invest in a land development project in Hawaii. Bakshi told Investors A, B and C that:



- a) SBC had purchased the rights to the Hawaii Project and the investors' money would buy land at a price of \$100,000 per 1.5 acre lot; and
- b) SBC was advised by its lawyers (the Law Firm) that the investors' funds would be held in an escrow account for the investors' protection.

16. In fact:

- a) SBC did not purchase the rights to the land in the Hawaii Project; and
- b) the Law Firm did not represent SBC or maintain an escrow account.

17. Bakshi solicited Investors A and B to invest \$100,000 each in the Hawaii Project instead of paying back the money Investors A and B were owed when their SBC Securities investments expired.

18. Bakshi solicited Investor C to invest \$200,000 into the Hawaii Project. This was in addition to the funds that investor C had invested in the SBC Securities.

19. Bakshi never forwarded the \$400,000 from investors A, B and C to the Hawaii Project.

20. Investors A, B and C did not recover their money.

Hearing Process

¶ 2 The hearing in this matter has been set to occur on **October 19, 20, 23, 24, 25, 26, 27, 30 and 31**, starting at **10:00 am**. Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, for the hearing.

¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.



- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

Peter J Brady
Jul 24 2017 4:29 PM -07:00

- ¶ 5 Peter J. Brady
Executive Director