

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

Citation: Re Narayan, 2021 BCSECCOM 298

Date: 20210727

Reciprocal Order

Saileshwar Rao Narayan

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

- [1] This is an order under sections 161(1) and 161(6)(c) of the *Securities Act*, RSBC 1996, c. 418.
- [2] Section 161(6) facilitates cooperation between the Commission and other securities regulatory authorities, self-regulatory bodies and exchanges. The executive director of the Commission has applied for an order reciprocating in British Columbia certain of the sanctions imposed by the Alberta Securities Commission (ASC) on Saileshwar Rao Narayan (Narayan) in *Re Narayan*, 2016 ABASC 228 (CanLII).
- [3] We find that the executive director provided the respondent notice of the application. Although Narayan was provided the opportunity to be heard, he advised the Commission that he did not want to make any submissions in this matter.
- [4] The Commission makes reciprocal orders under section 161(6) when such an order will, in the public interest, protect investors and the capital markets in British Columbia. Although the order in British Columbia is based on findings and sanctions in another jurisdiction, the Commission must be able to regulate a cross-border securities industry with highly mobile funds, people and information.
- [5] Among other things, the ASC found that Narayan and the companies he controlled contravened securities laws in Alberta by illegally distributing securities, acting as a dealer without the required registration, perpetrating a fraud on investors, engaging in misrepresentations, and breaching an undertaking in contravention of the Alberta *Securities Act*. In particular, the ASC made the following findings:
 - a. Narayan was the principal behind Prospera Mortgage Investment Corporation (Prospera Mortgage), Prosperity Development Group Ltd. (Prosperity Development), and Prospera Management Corp. (Prospera Management).
 - b. Commencing in 2010, Narayan, through Prospera Mortgage, raised a total of \$2,343,000 from investors in British Columbia and Alberta, without being registered and while relying on the Offering Memorandum exemption for which Prospera Mortgage did not qualify. None of the

funds raised were used as described in the Offering Memorandum.

- c. In 2012, through Prosperity Development, Narayan raised over \$3,400,000 using the Offering Memorandum exemption. Part of that money was used in violation of the representations made to investors, and the project never advanced beyond lending \$845,000 to Narayan's brother's numbered company.

- [6] The ASC imposed broad permanent market prohibitions against Narayan, and joint and several monetary penalties totaling approximately \$1.2 million.
- [7] To prevent Narayan from engaging in similar conduct in British Columbia, we find that it is in the public interest to order that:
 - (a) under section 161(1)(d)(i), Narayan resign any position he holds as a director or officer of an issuer or registrant;
 - (b) Narayan is permanently prohibited:
 - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, except that he may trade in or purchase securities through a registered dealer, if he gives the registered dealer a copy of this decision, 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; or in
 - one other account for his own benefit provided that any time Narayan purchases or trades in securities in such account:
 - (A) the Securities are listed and posted for trading on the TSX, the NYSE, or NASDAQ (or their successor exchanges) or are issued by a mutual fund that is a reporting issuer; and
 - (B) he does not own legally or beneficially more than 1% of the outstanding securities of the class or series of the class in question.
 - (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 Narayan's own behalf in respect of circumstances that would reasonably be expected to benefit Narayan.

July 27, 2021

For the Commission

Gordon Johnson
Vice Chair

Deborah Armour, QC
Commissioner