



Citation: 2021 BCSECCOM 217

Notice of Hearing

Geoffrey Rajay Sidhu and Bracetek Industries Group Ltd.

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 defrauded a BC investor when she invested \$1.75 million in Bracetek. They did not disclose Bracetek's true financial condition to the investor, including that Bracetek had less than \$100 in the bank, had no revenues, had never paid the licensing fees for its technologies and owed over \$300,000 in additional expenses. Bracetek also used over \$1 million of the investment for purposes that were not disclosed to the investor.
2. Bracetek distributed its securities to the investor without filing a prospectus when a prospectus exemption was not available. Sidhu acted in furtherance of the trade and as agent for Bracetek.
3. By engaging in the conduct set out in this notice of hearing, the respondents each contravened sections 57(b) and 61 of the Act. Sidhu also authorized, permitted or acquiesced in Bracetek's contraventions of sections 57(b) and 61, and by operation of section 168.2 of the Act, he also contravened those sections.

Background

4. Sidhu resides in Vancouver, British Columbia. He has never been registered under the Act.
5. Bracetek is a federal company registered in British Columbia. Sidhu's father was Bracetek's sole officer and director. He died in March 2021.
6. Bracetek held itself out as being in the business of developing, manufacturing and selling three proprietary braces used in residential and commercial construction. Bracetek licensed the technologies used in the braces from companies controlled by Sidhu.

Misconduct

7. In November 2015, Sidhu met the investor through a social network website. Sidhu learned that she had a modest income but owned her home mortgage-free. Sidhu



offered to give her financial advice to improve her financial situation. The investor accepted his offer.

8. Sidhu recommended that the investor obtain a mortgage against her home and use the proceeds to invest in real estate. Sidhu then helped the investor obtain a \$2,070,000 mortgage from a private lender on a one-year term.
9. After the investor was approved for a mortgage, Sidhu introduced the investor to Bracetek. Sidhu told her that his father owned Bracetek and planned to take the company public within one year. Sidhu told the investor that, when Bracetek went public, the value of her Bracetek investment would triple. Sidhu recommended that the investor invest \$1.75 million of the mortgage proceeds in Bracetek and retain the balance to make the mortgage payments. The investor followed his recommendation.
10. Bracetek represented to the investor that it had licensed the exclusive right to develop, manufacture and sell the braces for a fee and royalties and that its primary business objective would be the distribution of the braces within Canada and the United States.
11. The respondents failed to disclose the following important facts to the investor about Bracetek's financial condition before she invested in the company:
 - it had \$89.45 in its bank account,
 - it had no revenues,
 - it had never paid for the technologies used in its braces, and
 - it owed over \$300,000 in unpaid compensation, office furniture, rent and credit card debt.
12. Shortly after receiving the \$1.75 million investment, Bracetek used \$1.05 million of the investment for the following purposes that were not disclosed to the investor:
 - Bracetek paid \$900,000 to companies controlled by Sidhu to preserve an option to purchase another technology, and
 - Bracetek paid \$150,000 to buy back its co-founder's shares, which were acquired for \$25.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Wednesday, August 11, 2021, at 9a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.
- ¶ 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 Hearing Office 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 may 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

May 26 2021 11:05 AM -07:00

- ¶ 5 Peter J. Brady
Executive Director