



British Columbia  
Securities Commission

REPLY TO:

**Deborah W. Flood**

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**By Regular Mail**

July 8, 2021

Dear Mr. Ortmann:

**Peter Douglas Ortmann  
Reciprocal Order Application**

I am writing this letter on behalf of the Executive Director of the British Columbia Securities Commission (the Executive Director).

This letter notifies you and the British Columbia Securities Commission (the Commission) that the Executive Director is applying for orders against you under sections 161(6)(b) and 161(1) of the *Securities Act*, RSBC 1996, c. 418 (the Act). The Executive Director is not seeking a financial penalty.

The Executive Director is making this application based on your conviction for selling unregistered securities.

**CONVICTION**

1. On April 24, 2007, you were charged with two counts of transacting business as a unlicensed broker-dealer and/or sales representative, and two counts of selling unregistered securities.

Decision and Order, p. 2, para. 3

2. On or about November 6, 2007, the charges were amended and you were charged with the sale of unregistered securities from May 2006 through August 2006, within Clark County in Nevada.

Amended Criminal Information

3. On November 5, 2007, you entered a guilty plea for one count of selling unregistered securities.

Plea Agreement, pp. 1-4



3. You absconded after entering your guilty plea. There was a bench warrant out for your arrest from January 30, 2009 until your apprehension in June 2015. After you were apprehended in June 2015, you entered a motion to withdraw your guilty plea.

Sentencing Transcript, p. 5, l. 10-19

4. On January 27, 2016, Justice Miley, of the District Court of Clark County in Nevada, denied your application to withdraw your guilty plea, adjudged you guilty of the offense, and sentenced you to the following:
  - (a) Imprisonment for 96 months, with 50 days credit for time served; and
  - (b) Restitution in the amount of \$100,000.

Sentencing Transcript, p. 5, l. 10-12, p. 15, l. 16-25,  
p. 16, l. 1-9

**Summary of Findings**

5. The following facts are contained in the Amended Criminal Information, Judgment, and Plea Agreement:
  - (a) On or about May 17, 2006, you offered and sold shares of stock in Starfish Capital Partners to an individual named RN.

Amended Criminal Information
  - (b) Starfish was not a security registered by the State of Nevada and it did not file an exemption for the said securities.

Amended Criminal Information
  - (c) This misconduct constituted the crime of sale of unregistered securities.
  - (d) As part of your guilty plea, you agreed to pay full restitution of USD\$100,000 to RN.

Plea Agreement, p. 2, para. 2

- (e) You absconded after your guilty plea without paying USD\$98,000 of the restitution. RN died before your sentence in 2016.

Sentencing Transcript, p. 6, l. 19-25, p. 7, 1-14



## THIS APPLICATION

6. With this letter, the Executive Director is applying to the Commission for orders against you under section 161 of the Act. I have enclosed a copy of section 161 of the Act for your reference.
7. In making orders under section 161 of the Act, the Commission must consider what is in the public interest in the context of its mandate to regulate trading in securities.
8. Orders under section 161(1) of the Act are protective, preventative and intended to be exercised to prevent future harm.

*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*,  
[2001] 2 SCR 132, 2001 SCC 37 (CanLII), paras. 36, 39,  
and 56

9. In *Re Eron Mortgage Corporation*, [2000] 7 BCSC Weekly Summary 22, and in subsequent decisions, the Commission identified factors to consider when determining orders under section 161(1).
10. The following factors from *Re Eron* are relevant in this proceeding:
  - (a) the seriousness of the respondent's conduct;
  - (b) the harm suffered by investors as a result of the respondent's conduct;
  - (c) the extent to which the respondent was enriched;
  - (d) the risk to investors and the capital markets posed by the respondent's continued participation in the capital markets of British Columbia;
  - (e) the respondent's fitness to be a registrant or to bear the responsibilities associated with being a director, officer or adviser to issuers;
  - (f) the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to the capital markets;
  - (g) the need to deter those who participate in the capital markets from engaging in inappropriate conduct; and
  - (h) orders made by the Commission in similar circumstances in the past.

*Re Eron Mortgage Corporation*, [2000] 7 BCSC Weekly  
Summary 22

## Application of the Factors

### *Seriousness of the Conduct*

11. Unregistered trading is inherently serious. Registration is one of the Act's foundational requirements for protecting investors and preserving the integrity of the capital markets. It requires those who wish to distribute securities to file a prospectus with the Commission or to have an exemption from this requirement. This is intended to ensure that investors receive the information necessary to make an informed investment decision.



[Re Flexfi Inc.](#), 2018 BCSECCOM 166, para. 4

12. The registration requirement in the US is a fundamental element of investor protection in securities legislation. Its purpose is to ensure that investors are provided with adequate disclosure about the securities that they purchase. Failure to comply with these requirements deprives investors of critical information and damages the capital markets.

[Re Pierce](#), 2016 BCSECCOM 264, para. 41

13. The seriousness of your conduct is increased by your behavior after you were charged. After entering into a guilty plea and promising to pay full restitution, you absconded for over 6 years. After your arrest in June 2015, you applied to change your guilty plea, albeit unsuccessfully. Your actions caused unnecessary delay to the proceedings and the order for restitution.

Plea Agreement, para. 2  
Sentencing Transcript, p. 4, l. 5-7, p. 5, l. 10-23

***Harm suffered by investors***

14. As a result of your failure to comply with the registration requirement of Nevada, an investor was denied the benefits of fundamental protections to which he was entitled to under the securities laws.
15. Your misconduct impacted a victim who lost USD\$100,000. The victim died before receiving full restitution.

***Risk to investors and the capital markets***

16. Public confidence in our capital markets is dependent on the honesty and integrity of those who participate in it. Participants who engage in the securities industry do so voluntarily and for their own profit. In exchange for the privilege of participating, individuals and companies must comply with securities laws. Compliance is paramount, ensuring the protection of the public and the integrity of the capital markets.
17. Failure to take responsibility for the consequences of misconduct demonstrates a threat to our capital markets.

[Mesidor \(Re\)](#), 2014 BCSEECOM 6, para. 31

18. You demonstrated a complete lack of acceptance of responsibility for your misconduct. This is demonstrated by you absconding and failure to pay back the money to your victim.

Sentencing Transcript, p. 6, l. 24-25, p. 7, l. 1-2



19. Your misconduct demonstrates that you pose a significant ongoing risk to other investors and to the capital markets of British Columbia. There is no basis to believe that you will abide by securities laws in the future and your presence in British Columbia's capital markets represents a risk to investors unless sufficiently deterred.
20. Your admitted non-compliance with securities regulations shows that your participation in the capital markets would pose a risk if you were to go unsanctioned.

***Fitness to be a registrant or a director or officer***

21. Participants who engage in the securities industry do so voluntarily and for their own profit. In exchange for the privilege of participating, individuals and companies must comply with securities laws. Compliance is paramount, ensuring the protection of the public and the integrity of the capital markets.
22. Honesty is a critical part of being a registrant or a director or an officer of an issuer. In fact, it is part of the basic duties of those positions.

[Re SBC Financial Group Inc.](#), 2018 BCSECCOM 267,  
para. 34

23. You failed to ensure compliance with registration requirements. This conduct falls short of that expected of participants in our capital markets. Accordingly, a sanction denying you access to the capital markets for a lengthy period is proportionate to your misconduct.

***Deterrence***

24. Your misconduct warrants a sanction sufficient to deliver a message of specific and general deterrence.
25. Through the orders we are seeking, we intend to demonstrate the consequences of your conduct, to deter you from future misconduct, and to create an appropriate general deterrent. Lengthy market bans are proportionate to your misconduct and are necessary to ensure that you and others will be deterred from engaging in similar misconduct in the future.

***Previous orders***

26. We refer to a number of decisions for guidance on the appropriate sanction. The Commission ordered lengthy market bans in the three decisions below. The decisions involve similar contraventions (unregistered trading, distribution without a prospectus), and/or a similar amount of quantum as in your case.

- [Re Wireless Wizard](#), 2015 BCSECCOM 443
  - The respondent Ray was found to have contravened the act by distributing debentures to an investor for USD\$47,500 and permitting, authorizing, or acquiescing a distribution to another



investor for USD\$10,000 when he was unregistered and the company he was a director/officer of was unregistered. Ray received a five year market ban.

- [Re Snider](#), 2016 BCSECCOM 13
  - The respondent contravened the Act by distributing securities to four investors without filing a prospectus. The distributions amounted to \$21,000. The respondent received a four year market ban.
- [Re Cook](#), 2017 BCSECCOM 136
  - The respondent Cook contravened the Act by distributing securities to four investors for \$380,000 when he was unregistered. Cook was also found to have permitted, authorized, or acquiesced in distributions to two investors for \$180,000 when the company he was a director/officer of was unregistered. Cook received a five year market ban.

27. The most similar decision in terms of quantum and misconduct is Ray in *Wireless Wizard*. Both you and Ray have aggravating factors. Ray had a history of regulatory misconduct, while you absconded after entering into a guilty plea. Based on the similarities between your case and the facts in Ray's case, a market ban for five years is reasonable.

#### ***The Davis Consideration***

28. In the Court of Appeal decision in [Davis v. British Columbia \(Securities Commission\)](#), 2018 BCCA 149, the Court identified that it is incumbent upon a tribunal to consider a respondent's individual circumstances when determining whether measures short of a permanent ban would protect the investing public where a person's livelihood is at stake.
29. The Executive Director is unaware of any individual circumstances that would support orders short of a lengthy market ban.

#### **ORDERS SOUGHT**

30. In seeking orders under 161(1) of the Act, the Executive Director has taken the following factors into consideration when applying for orders in this proceeding:
- (a) the circumstances of your misconduct including the Settlement Agreement;
  - (b) the factors from *Eron* and *Davis*;
  - (c) the sanctions ordered in previous cases cited above; and
  - (d) the public interest.
31. The Executive Director is seeking the following orders pursuant to section 161(1) of the Act:



- (a) under section 161(1)(d)(i), you resign any position you hold as a director or officer of an issuer or registrant for five years from the date of an order;
- (b) you are prohibited for five years from the date of an order:
  - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives, a specified security or derivative or a specified class of securities or class of derivatives;
  - (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)(vi) from engaging in promotional activities on the person's own behalf in respect of circumstances that would reasonably be expected to benefit the person.

32. The Executive Director is not seeking any monetary sanctions against you.

#### **SUPPORTING MATERIALS**

33. In making this application, the Executive Director relies on the following, copies of which are enclosed:

- (a) Decision and Order
- (b) Amended Criminal Information
- (c) Plea Agreement
- (d) Sentencing Transcript
- (e) [Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario \(Securities Commission\)](#), [2001] 2 SCR 132, 2001 SCC 37 (CanLII)
- (f) [Re Eron Mortgage Corporation](#), [2000] 7 BCSC Weekly Summary 22



- (g) [\*Re Flexfi Inc.\*](#), 2018 BCSECCOM 166
- (h) [\*Re Pierce\*](#), 2016 BCSECCOM 264
- (i) [\*Mesidor \(Re\)\*](#), 2014 BCSEECOM 6
- (j) [\*Re SBC Financial Group Inc.\*](#), 2018 BCSECCOM 267
- (k) [\*Re Wireless Wizard\*](#), 2015 BCSECCOM 443
- (l) [\*Re Snider\*](#), 2016 BCSECCOM 13
- (m) [\*Re Cook\*](#), 2017 BCSECCOM 136
- (n) [\*Davis v. British Columbia \(Securities Commission\)\*](#), 2018 BCCA 149

#### **YOUR RESPONSE**

34. You are entitled to respond to this application. To do so, you must deliver any response in writing, together with any supporting materials, to the Commission Hearing Office by **Thursday, August 19, 2021**.

35. The contact information for the Commission Hearing Office is:

Commission Hearing Office  
British Columbia Securities Commission  
PO Box 10142, Pacific Centre  
12<sup>th</sup> Floor, 701 West Georgia Street  
Vancouver, BC V7Y 1L2  
E-mail: [commsec@bcsc.bc.ca](mailto:commsec@bcsc.bc.ca)  
Telephone: 604-899-6500

36. If you do not respond within the time set out above, the Commission will decide this application and may make orders against you without further notice.

37. The Commission will send you a copy of its decision.

38. **If you have any questions regarding this application, please contact Ms. Deborah Flood, at 604-899-6623, or [dflood@bcsc.bc.ca](mailto:dflood@bcsc.bc.ca)**

Yours truly,

Douglas B. Muir  
Director, Enforcement

DWF/crc  
Enclosures

cc: Hearing Office (by email to [commsec@bcsc.bc.ca](mailto:commsec@bcsc.bc.ca))