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BCSC reaches settlement with company named in the matter of re Bridgemark Financial

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Vancouver – The British Columbia Securities Commission (BCSC) has reached a [settlement agreement](#) with a B.C. cannabis company that participated in conduct abusive to the province's capital markets.

SpeakEasy Cannabis Club Ltd. is one of several companies named by the BCSC in a November 2018 [Temporary Order and Notice of Hearing](#), alleging a [scheme](#) to sell shares to a group of purported consultants ("the Purported Consultants"). The Rock Creek-based cannabis company is a reporting issuer in British Columbia and listed on the Canadian Securities Exchange and the Frankfurt Stock Exchange.

As part of the settlement agreement, SpeakEasy admitted that it issued a news release saying it had raised \$3 million through a private placement, despite having paid back about half to the Purported Consultants. SpeakEasy only retained \$1.55 million of the private placement proceeds. The remaining \$1.45 million was returned to the Purported Consultants, even though they did not provide any services.

Soon after acquiring the private placement shares, two members of the Purported Consultant Group and an associate of Speakeasy's Chief Financial Officer resold most of the shares at average prices below the private placement acquisition cost, for a profit.

Shortly after the private placement, but before the Commission initiated any action, the company's Chief Executive Officer, Marc Geen, and its new corporate secretary began attempting to remove the Chief Financial Officer and investigating internal financial irregularities.

When SpeakEasy became aware of the BCSC's allegations against them, it took additional steps, including:

- conducting its own internal investigation
- changing its management team and board, and
- strengthening its internal controls and management processes

In addition, the company will retain an independent monitor for at least one year to review corporate governance and compliance policies, procedures and processes. Geen has also agreed not to become or act as a director or officer of any reporting issuer for one year.

The company does not have a history of securities misconduct and fully cooperated with the BCSC's investigation.

As a result of SpeakEasy's response to the allegations and because of the potential impact of financial orders on existing shareholders, the BCSC found it was not in the public interest to issue orders against the company.

The BCSC's investigation into the scheme alleged in the November 2018 Notice of Hearing is continuing.

[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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