

Citation: 2024 BCSECCOM 152

Notice of Hearing

Michael Duane Onstad and LOC Consultants Inc.

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 Michael Duane Onstad (Onstad) and LOC Consultants Inc. (LOC) under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Summary

1. Onstad, personally and through LOC, a corporate entity that he controlled, was in the business of trading in securities without registration.
2. Onstad and LOC (the Respondents) solicited and referred investors to one of either two registered dealer firms to purchase flow-through shares and earned commissions on the resulting transactions.
3. By engaging in the conduct set out in this Notice of Hearing from June 2018 through April 2021 (the Relevant Period) without being registered in any capacity, the Respondents contravened section 34(a) of the Act.

¶ 2 **Background**

4. LOC is a company incorporated in British Columbia on November 28, 2014.
5. During the Relevant Period, Onstad was a resident of British Columbia, a director of LOC, and its directing mind. Neither he nor LOC have ever been registered in any capacity under the Act.
6. Dealer Firm #1 is registered as an Exempt Market Dealer with the Commission and in Alberta, Manitoba, Ontario and Quebec. It specializes in flow-through share transactions.
7. Dealer Firm #2 is registered as an Investment Dealer with the Canadian Investment Regulatory Organization. It specializes in precious metals and mining assets.

Misconduct

Unregistered Activities

8. Onstad entered into a referral agreement with Dealer Firm #1 on October 28, 2014. LOC entered into a referral agreement with Dealer Firm #1 on July 11, 2018.

9. During the Relevant Period, the Respondents solicited investors and referred eight clients to Dealer Firm #1, who made 10 investments for a total of approximately \$1,510,003. The Respondents received approximately \$63,137 in referral fees from Dealer Firm #1.
10. LOC entered into a referral agreement with Dealer Firm #2 in December 2016.
11. During the Relevant Period, the Respondents solicited investors and referred 25 clients to Dealer Firm #2, who made 35 investments for a total of approximately \$6,114,766. The Respondents received approximately \$176,601 in referral fees from Dealer Firm #2.

Contraventions under 168.2 of the Act – Michael Duane Onstad

12. In addition to contravening section 34(a) by his own personal actions, Onstad, as the directing mind of LOC, also authorized, permitted, and/or acquiesced in its contraventions of section 34(a) of the Act and, by operation of section 168.2 of the Act, contravened the same provisions as LOC.

Hearing Process

- ¶ 3 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **June 25, 2024, at 9 a.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 Respondents upon request to the Executive Director.
- ¶ 4 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: hearingoffice@bcsc.bc.ca.
- ¶ 5 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.
- ¶ 6 Orders made against the Respondents in this matter may automatically take effect against them in other Canadian jurisdictions, without further notice to them.

Peter J Brady
4/24/2024 | 11:00 AM PDT

- ¶ 7 Peter J. Brady
Executive Director