



Citation: 2017 BCSECCOM 16

## Notice of Hearing

### SBC Financial Group Inc. and Prabhjot Singh Bakshi

### (the Respondents)

### 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 sold \$3 million of SBC Financial Group Inc. (SBC) securities without being registered. Prospectus exemptions were not available for \$2.3 million of these sales.
2. By engaging in the conduct set out in this Notice of Hearing, the Respondents contravened sections 34(a) and 61 of the Act.
3. As the sole director and officer of SBC, Prabhjot Singh Bakshi (Bakshi) authorized, permitted or acquiesced in SBC's contraventions of sections 34(a) and 61 of the Act and therefore contravened those same provisions under section 168.2 of the Act.

#### Background

4. SBC is a company incorporated in British Columbia. No prospectus has ever been filed in respect of the distribution of securities of SBC.
5. Bakshi is a resident of British Columbia. He was the sole director and officer of SBC. Bakshi was registered under the Act from 2000 until 2009, but was not registered under the Act in any capacity at the relevant time.

#### Misconduct

6. Between August 2010 and September 2014, the Respondents distributed securities of SBC to investors, who made 59 investments totaling approximately \$3 million.



7. Approximately \$2.3 million of SBC's distributions did not qualify for any exemptions from the prospectus requirements of the Act.
8. Bakshi controlled SBC and its bank account, prepared and signed SBC documents provided to investors and raised money from investors for SBC directly and through two finders, whom he paid commissions for referring investors to SBC.
9. The Respondents promised that investors would receive interest of 5% to 30% per year.
10. The Respondents used investors' money to invest into various private companies, start-up businesses and stocks.
11. The Respondents paid approximately \$500,000 to investors as interest and principal.
12. The Respondents' investments did not generate enough returns to satisfy ongoing interest obligations due to investors, and on January 23, 2015, SBC declared bankruptcy. The investors did not recover any money from the bankruptcy.

### **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 **Tuesday, March 21, 2017, 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 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 Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: [commsec@bcsc.bc.ca](mailto:commsec@bcsc.bc.ca).



- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will 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  
Jan 24 2017 2:31 PM -08:00

- ¶ 5 Peter J. Brady  
Executive Director