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News Release

B.C. marketing company, CEO and issuer violated Securities Act with investor relations activities, BCSC panel rules

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**Vancouver** – A B.C. marketing company and its CEO repeatedly violated the *Securities Act* by not adequately disclosing that it distributed paid promotional material on behalf of five issuers, a B.C. Securities Commission (BCSC) panel [has ruled](#).

The panel also found that one of those issuers, a virtual reality production company called ImagineAR, violated the same part of the *Act* by failing to ensure the promotional material clearly and conspicuously disclosed that it was issued on its behalf.

This is the first time a BCSC panel decision has found a violation of the provision of the *Act* regarding clear and conspicuous disclosure of promotional materials used in investor relations activities.

Between 2016 and 2018, Stock Social published advertorials and social media posts about the issuers, which were involved in mining, technology and cannabidiol (CBD) products.

These advertorials — which were disseminated on newswires, websites and social media — were written mostly like news articles but they did not disclose risks or any other negative factors about the issuers that one would expect from objective reporting. None of the advertorials made clear that they were distributed on behalf of the issuers, and although some indicated a fee had been paid for dissemination, they did not say on whose behalf. When disclaimers did appear, they were not placed in a prominent place for the reader to easily notice.

The *Securities Act* requires anyone engaged in investor relations activities, or who is doing so on behalf of an issuer or security holder, to clearly and conspicuously disclose when promotional materials are issued by them or on their behalf. Such disclosure enables the public to decide how much weight to give to the content and to make better informed investment decisions.

The panel determined Stock Social’s CEO, Kyle Alexander Johnston, also violated the *Act* by authorizing, permitting or acquiescing in Stock Social’s contravention of the *Act*.

The panel directed the parties to make submissions on sanctions.

The BCSC has settled with the other issuers who were involved in investor relations activities with Stock Social.

About the B.C. Securities Commission ([www.bcsc.bc.ca](http://www.bcsc.bc.ca))

The B.C. 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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