

BRITISH COLUMBIA SECURITIES COMMISSION
Section 161 of the *Securities Act*, RSBC 1996, c. 418

Citation: Re Vermeeren, 2022 BCSECCOM 467

Date: 20221201

Order under section 161(6)

Douglas John Vermeeren

- [1] This is an order under sections 161(1) and 161(6)(d) of the *Securities Act*, RSBC 1996, c. 418.
- [2] The executive director of the Commission has applied for orders based upon undertakings given by Douglas John Vermeeren (Vermeeren) to the Alberta Securities Commission (ASC) in a settlement agreement and undertaking (Settlement Agreement) dated June 14, 2016 and cited as *Re Vermeeren*, 2016 ABASC 182.
- [3] In his application, the executive director tendered affidavit evidence and made written submissions to the Commission. We find that the executive director provided the respondent notice of the Application. Although Vermeeren was provided the opportunity to be heard, Vermeeren did not provide any submissions or materials in the hearing leading to the issuance of this order.
- [4] Section 161(6) facilitates cooperation between the Commission and other securities regulatory authorities, self-regulatory bodies and exchanges. If the requirements of the section are met and it is in the public interest, the Commission may issue orders without the need for inefficient parallel and duplicative proceedings in British Columbia (*McLean v. British Columbia (Securities Commission)* [2013] 3 S.C.R. 895 at para. 54) or before the Commission.
- [5] In the Settlement Agreement, Vermeeren admitted to contravening the Alberta *Securities Act* (Alberta Act) including by participating in fraud, making misleading or untrue statements, engaging in illegal trading, and breaching a cease trade order.
- [6] In particular, Vermeeren admitted in the Settlement Agreement that he:
 - (a) breached section 75(1)(a) of the Alberta Act by trading in securities without being registered and without an exemption from that requirement;
 - (b) breached section 110(1) of the Alberta Act by trading in securities without filing a preliminary prospectus or a prospectus and without an exemption from that requirement;
 - (c) breached section 93(b) of the Alberta Act by directly or indirectly engaging or participating in an act, practice, or course of conduct relating to the aforementioned securities that he knew or reasonably ought to have known perpetrated a fraud on investors;

- (d) breached subsection 92(4.1) of the Alberta Act by making statements that he knew or reasonably ought to have known were misleading or untrue, or which failed to state a fact necessary to make a statement not misleading, and which would reasonably be expected to have a significant effect on the market price or value of the aforementioned securities; and
 - (e) breached section 93.1 of the Alberta Act by trading in and distributing securities in contravention of a Commission Order banning him from doing so.
- [7] In his application, the executive director submitted that there are both mitigating and aggravating factors that are relevant to the orders he seeks.
- [8] As mitigating factors, the executive director submitted that Vermeeren:
- (a) saved the ASC the time and expense associated with a contested hearing by entering into the Settlement Agreement;
 - (b) had no previous regulatory history with the ASC;
 - (c) made repayments to investors of over half the amount of money he had raised; and
 - (d) agreed to pay \$120,000 in settlement of allegations and to pay \$10,000 for the cost of the investigation.
- [9] As an aggravating factor, the executive director submitted that Vermeeren did not keep adequate accounting records making it difficult to determine the precise scope of the fraudulent use of investor funds.
- [10] To prevent Vermeeren from engaging in similar conduct in British Columbia, we find that it is in the public interest to order that:
- (a) under section 161(1)(d)(i), Vermeeren resign any position he holds as a director or officer of an issuer or registrant until June 14, 2026, except that he may continue to act as a director or officer (or both) of any issuer that does not issue or propose to issue securities to the public;
 - (b) until June 14, 2026, Vermeeren is prohibited:
 - (i) under section 161(1)(b)(ii), from trading in or purchasing any securities or derivatives except that he may trade or purchase exchange-listed securities in his personal capacity for the benefit of his family only, through a registrant (who has first been given a copy of this order) in one or more personal or family accounts maintained with that registrant; and

(ii) under section 161(1)(d)(ii), from becoming or acting as a director or officer of any issuer or registrant except that he may become a director or officer (or both) of any issuer that does not issue or propose to issue securities to the public.

December 1, 2022

For the Commission

Gordon Johnson
Vice Chair

Deborah Armour, KC
Commissioner