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News Release

BCSC orders total penalties of \$95,000 for disclosure failures in investor relations activities

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Vancouver – B.C. marketing company Stock Social Inc. and its CEO must pay \$50,000 and \$25,000, respectively, for not adequately disclosing that the company distributed paid promotional material on behalf of five issuers.

The B.C. Securities Commission (BCSC) panel also [ordered](#) one of those issuers, virtual reality production company ImagineAR Inc., to pay \$20,000 for failing to ensure the promotional material clearly and conspicuously disclosed that it was issued on its behalf.

The sanctions stem from a first-ever BCSC panel finding earlier this year that there was a violation of the *Securities Act’s* requirement for clear and conspicuous disclosure of promotional materials used in investor relations activities. The 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 or on behalf of the issuer or security holder. Such disclosure enables the public to decide how much weight to give to the content and to make better informed investment decisions.

Between 2016 and 2018, Stock Social distributed advertorials and social media posts about the issuers, which were involved in mining, technology and cannabidiol products. The advertorials — which were disseminated on newswires, websites and social media — were written mostly like news articles but 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 panel noted that the respondents – Stock Social and its CEO, Kyle Alexander Johnston, along with ImagineAR – “were cooperative, made admissions and signalled early on in the enforcement process that they would be open to doing so. Specific deterrence is not a significant concern.” It also noted that Stock Social is being dissolved.

However, the panel said, “A modest monetary sanction is necessary to give a meaningful signal to market participants on the importance of clear and conspicuous disclosure.”

The BCSC 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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