



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Citation: Seemann (Re), 2018 ONSEC 23

Date: 2018-05-07

File No. 2018-19

**IN THE MATTER OF
HARALD SEEMANN, JENS BRANDT AND KARL PAWLOWICZ**

**ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and 127.1 of the *Securities Act*, RSO 1990, c S.5)**

Hearing: May 7, 2018

Decision: May 7, 2018

Panel: D. Grant Vingoe Vice-Chair and Chair of the Panel

Appearances: Matthew H. Britton For Staff of the Commission

Bruce O'Toole For Harald Seemann
Dana Carson

**ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and 127.1 of the *Securities Act*, RSO 1990, c S.5)**

The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on reasons delivered orally in the hearing, and as edited and approved by the Panel, to provide a public record.

- [1] This hearing concerns a settlement agreement (the **Settlement Agreement**) between Staff of the Ontario Securities Commission and Harald Seemann. After considering the submissions of the parties, and for the following reasons, I agree that the requested order is in the public interest.
- [2] The Settlement Agreement includes a summary of facts with which Mr. Seemann agrees, but which remain unproven against the remaining two respondents. The allegations against the non-settling respondents remain the subject of on-going proceedings and must be proven at a merits hearing.
- [3] A detailed description of the facts is provided in the Settlement Agreement, which is publicly available, so I will be brief in describing the background of the conduct at issue.
- [4] Mr. Seemann was the founder, officer and director, and directing mind of Big Rock Labs Inc. From June 2014 to June 2015, Mr. Seemann engaged in manipulative trading of Big Rock Labs Inc. shares, which created a misleading appearance of market activity in an attempt to generate interest and create liquidity in the shares, and to sell the shares at beneficial prices.
- [5] Specifically, Mr. Seeman executed orders and trades in the shares using five accounts under his name and the name of his spouse, and six accounts of four other insiders of Big Rock Labs Inc. He encouraged the other insiders to open trading accounts and then obtained the log-in information and the verbal consent of the other insiders to enter orders and execute trades in these accounts. Mr. Seemann also engaged in pre-arranged trading which resulted in, or contributed to, a misleading appearance of trading activity in Big Rock Labs Inc. shares.
- [6] Mr. Seemann's conduct of engaging in manipulative trading of Big Rock Labs Inc. shares, including the use of his spouse's and other insiders' trading accounts, completely failed to meet the standard of an officer and director participating in Ontario's capital markets.
- [7] Staff does not allege that Mr. Seemann profited from this activity.
- [8] Mr. Seemann admits and acknowledges that he has breached Ontario securities law by contravening subsection 126.1(1)(a) of the Act and engaged in conduct contrary to the public interest.
- [9] As part of the Settlement Agreement, Mr. Seemann and Staff jointly propose the following sanctions and costs against Mr. Seemann:
 - a. an administrative penalty in the amount of \$100,000;
 - b. a payment of Staff's costs in the amount of \$25,000;

- c. a five-year ban on trading or acquiring any securities;
 - d. a five-year prohibition from relying on exemptions contained in Ontario securities law;
 - e. a five-year prohibition from becoming or acting as a director or officer of an issuer; and
 - f. a reprimand.
- [10] The role of the Panel is to decide whether the proposed Settlement Agreement, as presented and agreed to, falls within an acceptable range and should be approved in the public interest.
- [11] In determining that the approval of the Settlement Agreement is in the public interest, I take note of the following mitigating factors:
- a. Mr. Seemann has not previously been the subject of OSC disciplinary proceedings;
 - b. Mr. Seemann has cooperated throughout the course of these proceedings and with Staff; and
 - c. by admitting the facts and contraventions, Mr. Seemann has expressed remorse for his actions and saved the OSC significant time and resources associated with conducting a fully contested hearing on the merits.
- [12] I find that it is in the public interest to approve this Settlement Agreement. The sanctions proposed by the parties take into consideration the seriousness of the misconduct and the appropriate mitigating factors. The settlement is reasonable and its approval is in the public interest. Mr. Seemann, you are hereby reprimanded. An order will be issued following the hearing in substantially the form proposed by the parties.

Approved by the Panel on this 7th day of May, 2018.

"D. Grant Vingoe"

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