



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
RSO 1990, c S.5**

- AND -

**IN THE MATTER OF
ROBERT LAUDY WILLIAMS**

**REASONS AND DECISION
(Subsections 127(1) and 127(10) of the Act)**

Hearing: In writing

Decision: May 4, 2016

Panel: Timothy Moseley Commissioner and Chair of the Panel

Appearances: Clare Devlin For Staff of the Commission

No one appeared on behalf of Robert Laudy Williams

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REASONS AND DECISION

I. OVERVIEW

- [1] On May 7, 2015, the Executive Director of the British Columbia Securities Commission (the "**BCSC**") entered into a settlement agreement¹ (the "**Agreement**") with Robert Laudy Williams ("**Williams**") in which Williams agreed that he had traded in securities without being registered and had illegally distributed securities, contrary to British Columbia's *Securities Act*² (the "**BC Act**").
- [2] As a result, the BCSC issued an order (the "**BC Order**")³ that prohibited Williams, for a period of two years, from:
- a. trading in or purchasing securities, subject to a limited exception;
 - b. becoming or acting as a director or officer of an issuer or registrant;
 - c. becoming or acting as a registrant or promoter;
 - d. acting in a management or consultative capacity in connection with activities in the securities market; and
 - e. engaging in investor relations activities.
- [3] Enforcement Staff of the Ontario Securities Commission ("**Staff**" of the "**Commission**") seeks an order pursuant to subsection 127(1) of the Ontario *Securities Act* (the "**Act**")⁴ that mirrors most of the terms of the BC Order and that imposes similar bans in Ontario until May 7, 2017. Staff relies upon subsection 127(10) of the Act, which provides that this Commission may make an order against a person under subsection 127(1) if that person is subject to an order made by a securities regulatory authority in another jurisdiction.
- [4] In the Agreement, Williams "consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada" that includes any of the sanctions imposed by the BCSC.
- [5] For the reasons set out below, I find that it is in the public interest to issue an order substantially in the same terms requested by Staff.

II. THE BCSC PROCEEDING

- [6] The BCSC proceeding was one of a number of proceedings relating to a scheme involving a group of companies. In the settlement agreement, Williams admitted that he had introduced three individuals as investors in the companies.
- [7] No prospectus was filed in respect of the distribution of securities that took place. Williams was not registered under the BC Act.
- [8] Williams admitted that he had traded in securities without being registered and that he had distributed securities with respect to which a prospectus had not been filed.

¹ *Re Robert Laudy Williams*, 2015 BCSECCOM 171.

² RSBC 1996, c 418.

³ *Re Robert Laudy Williams*, 2015 BCSECCOM 172.

⁴ RSO 1990, c S.5.

[9] As a result, the BCSC issued the order referred to in paragraph [2] above.

III. PRELIMINARY MATTERS

A. Notice to Williams

[10] The Notice of Hearing commencing this proceeding indicated that the hearing would take place on October 26, 2015.

[11] At the October 26 hearing, Williams did not appear, and no one appeared on his behalf. Staff tendered an affidavit of Lee Crann, sworn October 19, 2015, which described steps taken by Staff to serve Williams with the Notice of Hearing, the Statement of Allegations, and disclosure.⁵ I am satisfied that service was properly effected on Williams.

[12] Subsection 7(1) of the *Statutory Powers Procedure Act*⁶ (the “**SPPA**”) and Rule 7.1 of the *Commission’s Rules of Procedure*⁷ (the “**OSC Rules**”) provide that where notice of the hearing has been given to a party, but the party fails to appear, the tribunal may proceed in the absence of the party and the party is not entitled to further notice in the proceeding.

B. Written Hearing

[13] At the oral hearing on October 26, 2015, I ordered that the proceeding continue by way of written hearing, as provided for in section 5.1 of the SPPA and Rule 11.5 of the OSC Rules. I ordered that Staff serve and file its materials by November 5, and that Williams serve and file any responding materials by December 4.

[14] Staff served on Williams⁸ and filed a hearing brief⁹ containing the Agreement and the BC Order, along with written submissions and a book of authorities. No materials were received from Williams.

IV. ISSUES

[15] This proceeding presents three principal issues:

- a. Is the test prescribed by subsection 127(10) of the Act met?
- b. If so, is it in the public interest to make an order in Ontario?
- c. If so, what is the appropriate order?

V. ANALYSIS

A. Is the test prescribed by subsection 127(10) of the Act met?

[16] In seeking an order under subsection 127(1) of the Act, Staff relies upon subsection 127(10), which provides in part:

... an order may be made under subsection (1) ... in respect of a person... if any of the following circumstances exist:

⁵ Marked as Exhibit 1 at the oral hearing on October 26, 2015.

⁶ RSO 1990, c S.22.

⁷ (2014), 37 OSCB 4168.

⁸ Affidavit of service of Lee Crann, sworn November 9, 2015, marked as Exhibit 3 in this proceeding.

⁹ Marked as Exhibit 4 in this proceeding.

4. The person or company is subject to an order made by a securities regulatory authority ... in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company.

[17] The BC Order is an order of the BCSC, which is a securities regulatory authority in another jurisdiction.

[18] The BC Order imposes sanctions, restrictions and requirements upon Williams.

[19] The BC Order therefore meets the test prescribed by subsection 127(10) of the Act, and the Commission may make an order under subsection 127(1) if it is in the public interest to do so.¹⁰

B. Is it in the public interest to make an order in Ontario?

1. Introduction

[20] The conclusion that the BC Order meets the test in subsection 127(10) of the Act does not necessarily lead to the conclusion that an order of this Commission should be made under subsection 127(1) of the Act. Any such order must still be "in the public interest" in the context of the Ontario capital markets.¹¹

2. Inter-jurisdictional co-operation

[21] In determining what order would be in the public interest, I am guided by the objective of co-operation among securities regulators, as set out in section 2.1 of the Act:

In pursuing the purposes of this Act, the Commission shall have regard to the following fundamental principles:

[...]

5. The integration of capital markets is supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes.

[22] By explicitly referring to orders made by securities regulatory authorities in other jurisdictions, subsection 127(10) of the Act clearly promotes this legislative objective. This goal is also well recognized in decisions of the Supreme Court of Canada¹² and of this Commission.¹³

3. Consent by Williams

[23] As noted above, Williams consented to a similar order being made by a regulatory authority in another province (including the Commission). In my view, this consent obviates the need to consider whether the sanctions sought by Staff are excessive.

¹⁰ *Re Euston Capital Corp* (2009), 32 OSCB 6313 at para 46.

¹¹ *Re Elliott* (2009), 32 OSCB 6931 at para 27.

¹² *McLean v British Columbia (Securities Commission)*, 2013 SCC 67 at para 51; *Global Securities Corp. v. British Columbia (Securities Commission)*, 2000 SCC 21 at para 27.

¹³ *Re JV Raleigh Superior Holdings Inc.* (2013), 36 OSCB 4639 at para 21; *New Futures Trading International Corp. (Re)* (2013), 36 OSCB 5713 at para 27.

C. What is the appropriate order?

[24] Given the consent by Williams, I find it appropriate to issue an order substantially in the terms requested by Staff.

VI. CONCLUSION

[25] For the reasons set out above, I find that it is in the public interest to issue an order providing that:

- a. pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, trading in or acquisition of any securities by Williams shall cease until May 7, 2017, except that he may trade securities in his own name through a registrant if he first provides a copy of the order of the Commission in this proceeding to the registrant;
- b. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Williams is prohibited until May 7, 2017, from becoming or acting as an officer or director of any issuer or registrant; and
- c. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Williams is prohibited until May 7, 2017, from becoming or acting as a registrant or promoter.

Dated at Toronto this 4th day of May, 2016.

"Timothy Moseley"

Timothy Moseley