

ALBERTA SECURITIES COMMISSION

DECISION

Citation: GDC Investments Inc., Re, 2010 ABASC 527

Date: 20101109

GDC Investments Inc.

Panel: Glenda Campbell, QC
Stephen Murison

Representation: Tyler Hynnes
for Commission Staff

Date of Decision: 9 November 2010

I. INTRODUCTION

[1] In a 5 October 2010 notice of hearing, staff ("Staff") of the Alberta Securities Commission (the "Commission") applied for an order under section 198(1.1) of the *Securities Act*, R.S.A. 2000, c. S-4 (the "Act") reciprocating a 31 August 2010 order (the "BCSC Order") issued against Ontario-based GDC Investments Inc. ("GDC") by the Executive Director of the British Columbia Securities Commission (the "BCSC").

[2] Staff tendered affidavit evidence but made no submissions. That evidence and communication from a GDC director satisfy us that GDC had adequate notice of Staff's application. Although GDC was given an opportunity to be heard, it provided no evidence or submissions.

II. BACKGROUND

[3] According to the BCSC Order, GDC relied on the offering memorandum exemption under section 2.9 of National Instrument 45-106 *Prospectus and Registration Exemptions* to distribute securities of GDC in British Columbia between 1 October 2009 and 15 June 2010, but used a 29 September 2008 offering memorandum that was not completed in accordance with British Columbia securities laws. In consequence, the BCSC Order prohibits trading in GDC securities until: (i) GDC files an amended and updated offering memorandum completed in accordance with British Columbia securities laws; and (ii) the BCSC Executive Director makes an order revoking the BCSC Order.

III. ANALYSIS AND FINDINGS

A. Statutory Preconditions

[4] The statutory preconditions to the application of section 198(1.1)(c) of the Act are met in this case. First, as noted, we are satisfied that GDC was given an opportunity to be heard. Second, GDC is subject to the BCSC Order, whereby a securities regulatory authority imposed sanctions, conditions, restrictions or requirements on it.

B. Protection of Alberta Investors and Alberta Capital Market

[5] The Commission will make reciprocal orders under section 198(1.1) of the Act when it is satisfied not only that the statutory preconditions have been met but also that such orders will serve the public interest (*Re Leemhuis*, 2008 ABASC 585 at para. 12).

[6] The BCSC Order addresses exempt-market misconduct by GDC in British Columbia in 2009 and 2010, involving a 29 September 2008 offering memorandum. There is evidence before us of exempt-market activity by GDC in Alberta in the same period – GDC's filing, with this Commission, of: an offering memorandum also dated 29 September 2008; and reports of distributions of GDC securities to 36 Alberta investors, raising \$723 000. In the circumstances, we are persuaded that an order reciprocating the BCSC Order will, in the public interest, protect Alberta investors and the Alberta capital market from the risk of harm posed by GDC.

IV. ORDER

[7] For the reasons given, pursuant to section 198(1.1)(c) of the Act we order in the public interest that, under section 198(1)(a), trading in securities of GDC cease until such time, if ever, as the BCSC Order is revoked.

9 November 2010

For the Commission:

"original signed by"
Glenda Campbell, QC

"original signed by"
Stephen Murison