DECISION OF A PANEL APPOINTED PURSUANT TO THE FINANCIAL AND CONSUMERS AFFAIRS AUTHORITY OF SASKATCHEWAN ACT

In the Matter of

***The Securities Act, 1988*, SS 1988-89, c S-42.2**

and

In the Matter of

Coperstone Limited

Coperstone Partners Limited

Chad Neuburger

and

Randall Silverman

Hearing Held	**November 6, 2018**
Panel:	**Peter Carton (Chairperson)** **The Honourable John Klebuc (Panel Member)** **Howard Crofts (Panel Member)**
Appearances:	**Nathanial Day (Counsel for Staff of the Financial and Consumer Affairs Authority of Saskatchewan)** **No one appeared on behalf of the Respondents, Coperstone Limited, Coperstone Partners Limited, Chad Neuberger or Randall Silverman**
Date of the Decision	**May 15, 2019**

I. INTRODUCTION

[1] This was a hearing before a Hearing Panel appointed pursuant to section 17 of *The Financial and Consumer Affairs Authority of Saskatchewan Act* (the **"Panel"**) to consider whether Coperstone Limited, Coperstone Partners Limited, Chad Neuberger or Randall Silverman (the **"Respondents"**) contravened subsection 27(2) of *The Securities Act, 1988,* S.S. 1988-89, c. S-42.2 (the **"Act"**) and whether it is in the public interest to make an order with respect to sanctions and costs against the Respondents.

II. STAFF'S ALLEGATIONS

[2] A Statement of Allegations dated July 27, 2018 was filed by Staff of the Financial and Consumer Affairs Authority of Saskatchewan (**"Staff"**) against Coperstone Limited, Coperstone Partners Limited, Chad Neuberger or Randall Silverman (the **"Statement of Allegations"**).

[3] In the Statement of Allegations, Staff allege that:

1. Coperstone Limited holds itself out as being licensed and regulated to operate an online platform to facilitate the trading of FOREX and Contracts for Difference (CFDs). Coperstone Limited's online trading platform is located at https://www.coperstone.com (the **"Website"**) and is accessible by Saskatchewan residents as of the date of the allegations.

2. Coperstone Limited is owned and operated by Coperstone Partners Limited, located at 27 Old Gloucester Street, London, United Kingdom, WCIN 3AX.

3. Chad Neuburger is the owner and company secretary of Coperstone Partners Limited.

4. Randall Silverman is a "Broker Strategy Analist [sic]" employed by Coperstone Limited.

[4] The actions that form the basis of the allegations took place from in or around October, 2017 to in or around January, 2018. Staff allege that the Respondents contravened subsection 27(2) of the Act and specifically allege that:

1. The Respondents acted as "dealers" by engaging in, or holding themselves out as engaging in, the business of trading in securities or derivatives in Saskatchewan without being registered to do so.

2. The Respondents acted as "advisers" by engaging in, or holding themselves out as engaging in, the business of advising on securities or derivatives in Saskatchewan without being registered to do so.

[5] Staff request the following orders against the Respondents:

a) that pursuant to clause 134(1)(a) of the Act, the exemptions in Saskatchewan securities laws do not apply to the Respondents, permanently;

b) that pursuant to clause 134(1)(d) of the Act, the Respondents shall cease trading in any securities or derivatives in Saskatchewan, permanently;

c) that pursuant to clause 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan, permanently;

d) that pursuant to clause 134(1)(e) of the Act, the Respondents shall cease giving advice respecting securities or derivatives for and on behalf of residents of Saskatchewan, permanently;

e) that pursuant to section 135.1 of the Act, the Respondents shall pay an administrative penalty to the FCAA in the amount of $25,000.00;

f) that pursuant to section 135.6 of the Act, the Respondents shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of the Respondents' contraventions of the Act, in an amount to be determined; and

g) that pursuant to section 161(1) of the Act, the Respondents shall pay the costs of or relating to the hearing in this matter.

III. BACKGROUND

[6] A Notice of First Appearance was issued on August 16, 2018, in relation to the Statement of Allegations. Staff filed an affidavit of sending of the Notice of First Appearance on the Respondents. The Order Setting Hearing Dates dated September 25, 2018 was sent to the Respondents on September 27, 2018[1].

[7] The Hearing was held on November 6, 2018. None of the Respondents appeared at, or participated in the Hearing in person or by counsel. No materials were filed on behalf of the Respondents and no evidence was submitted to the Panel on behalf of the Respondents.

[8] Subsection 9(15) of the Act and section 8.1 of Saskatchewan Policy Statement 12-602 *Procedures on Hearings and Reviews* ("Policy 12-602"), provide that a Panel may proceed in the absence of a party where that party has been given notice of the hearing. We accept Staff's evidence that all Respondents received proper notice of the hearing. Accordingly, we conclude that we may proceed in the absence of the Respondents in accordance with the Act and Policy 12-602.

[1] Exhibit P-21.

IV. ISSUES

[9] Staff's allegations raise the following issues for determination:

1. **Did the Respondents act as "dealers" by engaging in, or holding themselves out as engaging in, the business of trading in securities or derivatives as principal or agent without being registered as a dealer contrary to clause 27(2)(a) of the Act?**

2. **Did the Respondents act as "advisers" by engaging in, or holding themselves out as engaging in, the business of advising another as to the investing in or the buying or selling of securities or derivatives without being registered as an adviser contrary to clause 27(2)(b) of the Act?**

3. **If the Respondents are found to have contravened subsection 27(2) of the Act, is it in the public interest to make an order against the Respondents and if so, what are the appropriate orders to be made against the Respondents?**

V. EVIDENCE

[10] Staff called one witness, Deborah Swenson, an investigator with the Securities Division of the FCAA. The evidence presented by Ms. Swenson included information provided to her by a resident of Redvers, Saskatchewan (the "Investor"). None of the Respondents appeared before us to dispute the evidence submitted to us by Staff. Staff also introduced into evidence a number of documents during the hearing, including screen shots of the various pages of the Website, corporate registry information, an email from Chad Neuburger to Deborah Swenson dated March 14, 20198, documentation completed by Robert Henderson, dated October 26, 2017 and wire transfer detail information.

[11] The documentary evidence indicates that Coperstone is the trading name of Coperstone Limited and Coperstone Partners Limited (collectively referred to as "Coperstone").[2] Chad Neuburger serves as Coperstone's secretary and sole Director.[3] Randall Silverman is an employee of Coperstone who was in contact with the Investor.[4]

[12] Coperstone operates a website at the address of https://www.coperstone.com, which is advertised as a platform that facilitates the trading of, among other instruments, Contracts for Difference ("CFDs"):

> Coperstone is an industry leader in the Forex & CFD markets. It is our promise to deliver a powerful, user-friendly, and fair trading platform. On this platform, clients can trade the most popular assets – currencies, commodities, and indices. Coperstone clients benefit

[2] Exhibit P-1 at page 2: "Coperstone.com is the trading name of Coperstone Limited and Coperstone Partners Limited".
[3] Exhibit P-14 at pages 3 and 4.
[4] Exhibit P-16 and Testimony of Deborah Swenson.

from intensive training, dedicated service, and 24/7 professional customer support and assistance.[5]

TERMS OF BUSINESS

[...]

2. Description of services

[...]

2.6 We may enter with you into contracts [sic], whether oral or written, including any Financial Instruments (as defined below in this clause) relating thereto, or any back to back agreement which we may enter into to enable us to fulfill our obligations under such contracts ("Contracts"), including in respect of the following financial instruments:

[...]

2.6.2 contracts for differences [sic][6];

[...]

Through the use of your Coperstone account, it is easy to buy and sell crude oil or to invest in global equities through buying and selling CFDs on Indices.[7]

[...]

Coperstone is offering CFDs for Indices and Commodities.[8]

[13] The Website allowed users to create a trading account, and also provided specialized "MAM Accounts" to help money managers "manage [their] clients and funds".[9] The Website offers five different types of trading accounts, each of which require a different amount of initial deposit.[10] The "Demo", "Pro", and "VIP" accounts each allow CFD trading. The Website also provided several methods by which users could fund their trading account.[11]

[14] The specific platform utilized by the Website is MetaTrader 4 ("MT4"). The Website provided users with an installation guide and Frequently Asked Questions regarding the MT4 platform.[12]

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[5] Exhibit P-2 at page 1.
[6] Exhibit P-2 at page 2.
[7] Exhibit P-6 at page 1.
[8] Exhibit P-7 at page 1.
[9] Exhibit P-8, Exhibit P-9 and the Testimony of Deborah Swenson.
[10] Exhibit P-10 at page 1.
[11] Exhibit P-11 at pages 1 and 2.
[12] Exhibit P-12 at pages 1 to 8.

[15] Coperstone required remuneration for its services in the form of commissions and fees:

> **TERMS OF BUSINESS**
>
> [...]
>
> 18. Charges
>
> 18.1 You will pay our charges without set off or deduction, details of which have been provided to you (subject to any additional charges set out in this agreement). Charges will be recorded and indicated on confirmations and monthly statements. [...]
>
> 18.2 You will be responsible for the payment of any commissions, transfer fees, registration fees, taxes, duties and other fiscal liabilities and all other liabilities and costs properly payable or incurred by us under this Agreement.
>
> 18.3 You accept that you may also incur additional charges as a consequence of your communication with us or in connection with the Services. These charges may include for the use of email, telephone or postage.[13]

[16] The Website's "Contact Us" page lists two physical addresses: 1) Level 33, 25 Canada Square, Canary Wharf, London, E14 5LB, United Kingdom; and 2) 130 King Street West, Toronto, Ontario, M5X 1E3, Canada.[14] Ms. Swenson testified that the former address was discovered to be a virtual office space, when a visit from the Ontario Securities Commission to the latter revealed no presence of the Respondents. The "Contact Us" page also lists the email addresses of support@coperstone.com and info@coperstone.com.[15]

[17] Ms. Swenson testified that the Investor was directed to the Website by a friend who had been trading through Coperstone but that the Investor's friend never came forward to Staff. Ms. Swenson further testified that the Investor opened a trading account with Coperstone and was contacted by Randall Silverman on behalf of Coperstone[16] and that Mr. Silverman advised the Investor on what to trade and completed trades on his behalf. Staff tendered evidence indicating that the Investor was provided with "Wire Transfer Details" by Coperstone, which he used to make two deposits to his trading account of $10,000.00 USD each[17]. The first deposit was made on October 26, 2017.[18] This was followed by a second deposit on November 9, 2017 which Ms. Swenson indicated was upon the advice of Mr. Silverman.[19] Ms. Swenson testified that while the Investor was initially making money, the Investor began to lose money after making the second deposit and that the Investor never recovered any of the $20,000.00 USD he transferred to Coperstone. While the Investor was not sure exactly what instrument he was trading, Ms. Swenson

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[13] Exhibit P-3 at pages 12 and 13.
[14] Exhibit P-13 at page 1.
[15] Exhibit P-13 at page 1.
[16] Exhibit P- 17 at page 1.
[17] Exhibit P-18 and Exhibit P-19.
[18] Exhibit P-19.
[19] Exhibit P-20.

concluded that it was CFDs, based partially on the fact that the Investor indicated that he was trading indices.

[18] Ms. Swenson testified that the Respondents are not registered in any capacity in Saskatchewan, or anywhere in Canada but that notwithstanding this, the Website was still accessible by Saskatchewan residents as of November 6, 2018.

VI. THE STANDARD OF PROOF

[19] Staff bears the burden of proof in this proceeding. For any factual finding that we make, the civil standard of proof of "balance of probabilities" is applied. In doing so, we must be satisfied that there is sufficiently clear, convincing and cogent evidence that the existence of any alleged fact required to be proved is "more likely than not that an alleged event occurred."[20]

VII. THE USE OF HEARSAY EVIDENCE

[20] A significant portion of the evidence relied on by Staff in this proceeding is hearsay evidence.

[21] Subsections 9(6) and (7) of the Act provide:

> (6) In the case of a hearing or review, evidence shall be received that, in the opinion of the Commission, the Chairperson or the Director, as the case may be, is relevant to the matter being heard.
>
> (7) The legal and technical rules of evidence to not apply to a hearing or review.

[22] In *The Law of Evidence in Canada*, it is stated that:

> In proceedings before most administrative tribunals and labour arbitration boards, hearsay evidence is freely admissible and its weight is a matter for the tribunal or board to decide, unless its receipt would amount to a clear denial of natural justice. So long as such hearsay evidence is relevant it can serve as the basis for the decision, whether or not it is supported by other evidence which would be admissible in a court of law.[21]

[23] Although all relevant evidence, including hearsay, is admissible under the Act, the weight to be given to that evidence must be determined by the Panel. Care must be taken to avoid placing undue reliance on uncorroborated evidence that lacks sufficient indicia of reliability[22].

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[20] FH McDougall, 2008 SCC 53 (CanLII), [2008] 3 SCR 41 at para 44.
[21] John Sopinka, Sidney N. Lederman & Alan W. Bryant, *The Law of Evidence in Canada*, 2d ed. (Markham, Ont.: LexisNexis Butterworths, 1999) at p. 308.
[22] *Starson v. Swayze*, [2003] 1 S.C.R. 722 at para. 115.

[24] There was documentary evidence entered into evidence by Staff that corroborated or was consistent with the hearsay evidence given by the Staff investigator. That documentary evidence included evidence of wire transfers of funds and documents to which the Respondents appeared to be a party. The totality of the evidence presented in this matter is corroborative and consistent.

[25] Accordingly, we concluded that we would admit the hearsay evidence tendered by Staff, subject to our careful consideration of the weight to be given the hearsay and other evidence.

VIII. ANALYSIS

[26] The registration requirement found in section 27 of the Act is one of the cornerstones of the regulatory framework of the Act. It serves an important gate-keeping function by ensuring that only properly qualified and suitable individuals are permitted to be registrants and to trade with or on behalf of the public.

[27] Subsection 27(2) of the Act provides:

> **Registration for trading**
> **27**(1) **[...]**
>
> (2) No person or company shall:
>
> (a) act as a dealer or underwriter unless the person or company:
> (i) is registered as a dealer; or
> (ii) is registered as a representative of a registered dealer and is acting on behalf of the dealer;
>
> (b) act as an adviser unless the person or company:
> (i) is registered as an adviser; or
> (ii) is registered as a representative of a registered adviser and is acting on behalf of the adviser; or
>
> **[...]**

[28] The definition of "dealer" in clause 2(1)(n) of the Act reads:

> (n) **"dealer"** means a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in securities or derivatives as principal or agent";

[29] The definition of "adviser" in clause 2(1)(a.1) of the Act reads:

> (a.1) **"adviser"** means a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising another as to the investing in or the buying or selling of securities or derivatives"

[30] The above sections of the Act prohibit anyone from engaging in the business of trading in or advising on securities or derivatives in Saskatchewan, or holding themselves out as engaging in the business of trading in or advising on securities or derivatives in Saskatchewan, unless registered as a dealer and/or adviser.

[31] By virtue of the reference to "trading in securities or derivatives" in the definition of "dealer", subsection 27(2) refers to a "trade" or "trading in a security or derivative".

[32] The term "trade" is defined broadly in clause 2(1)(vv) of the Act as follows:

> (vv) **"trade"** includes:
>
> > (i) any transfer, sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or, except as provided in subclause (iv), a transfer, pledge, mortgage or encumbrance of securities for the purpose of giving collateral for a bona fide debt;
> >
> > [...]
> >
> > (v) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of anything mentioned in subclauses (i) to (iv);

[33] A determination of whether a someone is "in the business" of trading or advising can be made with reference to the business trigger test found on pages 7-10 of *Companion Policy 31-103CP: Registration Requirements and Exemptions*. There are five factors listed in the Policy which are relevant to the test. A person may have a business purpose if they are:

a) engaging in activities similar to a registrant;
b) intermediating trades or acting as a market maker;
c) directly or indirectly carrying on the activity with repetition, regularity or continuity;
d) being, or expecting to be, remunerated or compensated; and/or
e) directly or indirectly soliciting.

[34] On February 10, 2016, amendments to the Act came into force incorporating a framework for the regulation of derivatives. As a result of the amendments, the definition of "derivative" is now dealt with as a separate category of instruments and expressly excluded from the definition of "security". Clause 2(1)(o.1) reads:

> **(o.1) "derivative"** means:
>
> > (i) an option, swap, futures contract, forward contract or other financial or commodity contract or instrument whose market price, value or delivery, payment or settlement obligations are derived from, referenced to or based on an underlying interest of a derivative, including a value, price, index, event, probability or thing; or

(ii) a contract or instrument that is designated pursuant to section 11.1 to be a derivative or that is within a class of contracts or instruments that is designated to be derivatives pursuant to section 11.1 or the regulations;

but does not include:

(iii) a contract or instrument that would be a derivative under subclause (i) if the contract or instrument is an interest in or to a security and a trade in the security pursuant to the contract or instrument would constitute a distribution; or

(iv) a contract or instrument that is designated pursuant to section 11.1 not to be a derivative or that is within a class of contracts or instruments that is designated not to be derivatives pursuant to section 11.1 or the regulations.

[35] A CFD falls within the definition of a "derivative" as it is defined by clause 2(1)(o.1) of the Act. It is a contract between a client and a broker to exchange the difference between the current value of an underlying asset, whether that be a share, currency, commodity, or index and its value when the contract ends. The value of the CFD is derived from that of the underlying asset.

[36] The Panel heard evidence that the Respondents engaged in the business of trading in and advising on CFDs in Saskatchewan without being registered to do so. The Respondents contacted the Investor to solicit money for the purchase of CFDs for Indices and Commodities. The Respondents provided wire transfer instructions to the Investor so that the Investor could fund his trading account. Further, the Respondents continued to run an online trading platform which advertised the services of CFD trading.

[37] We find that the continued solicitation by the Respondents to a world-wide audience supports the conclusion that the Respondents engaged in the business of trading in derivatives. The Respondents are intermediating the trading of CFDs, and appear to be doing so with regularity. There is an expectation of remuneration in the form of commissions and fees as shown by clause 18 of the Terms of Business reproduced above. Lastly, the Respondents are directly soliciting investors through the Website and personal communication.

[38] We find that there was no evidence presented to establish that any sales or trades were effected or to establish what losses the Investor incurred. Although the testimony of Ms. Swenson indicated that the Investor conducted trades with the assistance of Randy Silverman, who represented Coperstone Limited, unfortunately neither the Investor or Mr. Silverman were brought forward as witnesses. As result, the Panel's ability to ascertain all the details of trading activity was hampered.

[39] In any event, we accept Staff's submission that notwithstanding the lack of evidence that any sales or trades were effected, the definitions of "dealer" and "adviser" not only capture those parties who are engaged in the business of trading in and advising on securities or derivatives, but also those who are "holding themselves out as engaging in the business of trading in and advising on securities or derivatives". Accordingly, we are satisfied that the evidence is clear that the Respondents are, in the least, holding themselves out as engaging in the business of trading in and advising on derivatives for the reasons stated above.

[40] The Panel also heard testimony that the Respondents have never been registered with the Financial and Consumer Affairs Authority of Saskatchewan (**"FCAA"**) in any capacity, and as such they engaged in the business of trading in and advising on derivatives in Saskatchewan while not registered as dealers or advisers in direct contravention of sections 27(2)(a) and 27(2)(b) of the Act.

[41] Based on the entirety of the evidence before us, we conclude that the Respondents contravened subsection 27(2) of the Act by acting as dealers and advisors in Saskatchewan without registration.

IX. APPROPRIATE ORDERS

Sanction Orders

[42] We now turn to the issue of what, if any, sanctions should be ordered in the public interest against the Respondents under sections 134 and 135.1 of the Act.

[43] Section 3.1 of the Act provides that "the purposes of this Act are to provide protection to investors and to foster fair, efficient capital markets and confidence in capital markets".

[44] As noted in *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37 (at paras 41-43, 45), all sanction orders are aimed toward the objectives of protecting investors, protecting the capital markets and preventing future harm; they are not meant to be punitive or remedial. Their primary goal is deterrence, both specific and general – specific deterrence from future misconduct by the respondents being sanctioned, and general deterrence from similar future misconduct which may be contemplated by others: *Re Cartaway Resources Corp.*, 2004 SCC 26 (at paras, 52-53, 55-56, 60-61).

[45] In *Euston Capital Corp. v. Saskatchewan Financial Services Commission*, (2008) SKCA 22, the Saskatchewan Court of Appeal referred to the *Asbestos* decision and stated at paras 48 and 49:

> 48 On the "public interest" issue, the appellants' submissions are grounded on the Supreme Court of Canada's decision in Committee for Equal Treatment of Asbestos Minority Shareholders, *supra*. In that case, the Court considered the nature and scope of the Ontario Securities Commission's jurisdiction to intervene in the public interest pursuant to s. 127 of the *Securities Act*, R.S.O. 1990, c. S. 5. Section 127 is the Ontario equivalent of s. 134 of the Saskatchewan *Act*, the provision under which the Commission purported to act here in imposing the cease trading orders on the appellants and making exemptions from securities laws unavailable to them.
>
> 49 The Supreme Court held that sanctions imposed under s. 127(1) must be preventive and prospective in character. It said s. 127 could not be used merely to remedy misconduct alleged to have caused harm or damages.

[46] In *Walton v. Alberta (Securities Commission)*, 2014 ABCA 273 (at paras, 154, 156), the Alberta Court of Appeal cautioned that the sanctions must be "proportionate and reasonable" in the circumstances and that money sanctions in particular must be "proportionate to the offence, and fit and proper for the individual offender".

[47] We are also mindful that "[i]f sanctions under this legislation are so low as to communicate too mild a rebuke to the misconduct, or perhaps a licensing fee for its occurrence, the opposite to deterrence may result": *Maitland Capital Ltd. v. Alberta (Securities Commission)*, 2009 ABCA 186 (at para. 21).

[48] To arrive at a sanction order which is "proportionate and reasonable" in the circumstances, we have considered the results in comparable prior decisions of the FCAA Hearing Panels and are guided by a non-exhaustive list of factors which are intended to assist us in determining the sanctions that are appropriate given the circumstances at issue. Those factors were set out *In the Matter of Darcy Lee Bergen* (October 31, 2000) at pages 2 and 3:

a) the seriousness of the respondents' conduct;

b) the harm suffered by investors as a result of the respondents' conduct;

c) the damage done to the integrity of the capital markets in the province by the respondents' conduct;

d) the extent to which the respondent was enriched;

e) the factors that mitigate the respondents' conduct;

f) the respondents' past conduct;

g) the risk to investors and the capital markets posed by the respondents' continued participation in the capital markets of the province;

h) the respondents' fitness to be a registrant or to bear the responsibilities associated with being a director, officer or advisor to the issuers;

i) the need to demonstrate the consequences of inappropriate conduct to those who enjoy the benefits of access to capital markets;

j) the need to deter those who participate in the capital markets from engaging in inappropriate conduct; and

k) orders made by the Commission in similar circumstances in the past.

[49] In considering the above factors in relation to the circumstances of this case, we believe that the Respondents' misconduct calls for significant protective orders to deter them and others from engaging in similar misconduct. The registration requirements are designed to protect investors. They ensure that investors have the benefit of dealing with participants who are sufficiently proficient to assist them. Registrants must have the education, training and experience necessary to act competently, and they must be able to understand the structure, features and risks of each security they trade or recommend.

[50] Along with the requirement that dealers and advisers register as such, the Act imposes restrictions upon their conduct during the course of securities transactions. These restrictions are intended to protect the public from being misled, and to ensure that all participants in the securities market are treated equally and fairly.

[51] We agree with Staff's submission that a failure to comply with any of the requirements set out in the Act is evidence of a lack of integrity and that when parties fail to adhere to the registration and conduct requirements, they rob investors of the benefit of the FCAA's protection, and burden the public with an unfair disadvantage when considering potential investments.

[52] We are of the view that the impact of the Respondents' misconduct goes beyond the individual investor who was directly affected. Public confidence in the capital markets is undermined when parties fail to comply with the registration requirements set out in Act.

Permanent Bans

[53] Staff requested that the Respondents be permanently banned from:

a) using any and all exemptions in Saskatchewan securities laws, pursuant to clause 134(1)(a) of the Act;

b) trading in any securities or derivatives in Saskatchewan, pursuant to clause 134(1)(d) of the Act;

c) acquiring securities or derivatives for and on behalf of residents of Saskatchewan, pursuant to clause 134(1)(d.1) of the Act;

d) giving advice respecting securities or derivatives for and on behalf of residents of Saskatchewan, pursuant to clause 134(1)(e) of the Act.

[54] Staff directed us to other cases where FCAA Hearing Panels have previously ruled that permanent bans are appropriate. In considering the sanction outcomes in other cases involving similar facts and similar misconduct, we are mindful that we must do so with a measure of caution given the extent to which circumstances vary from case to case.

[55] It was noted that in *AAOption and In the Matter of Ocean International Ltd. et al.*, (December 11, 2013), in circumstances involving similar facts and similar misconduct, permanent bans under the same four sections of the Act were granted by the Hearing Panel.

[56] Having considered the facts and circumstances of this case and applying the sanctioning principles outlined above, we are of the view that the permanent bans as requested by Staff are appropriate, proportionate and in the public interest in the circumstances of this case. In our view, the nature of the bans sought is rationally connected to the specific conduct at issue.

Administrative Penalty

[57] In its Statement of Allegations, Staff also requested that the Panel make an order that the Respondents pay an administrative penalty in the amount of $25,000.00 pursuant to section 135.1 of the Act.

[58] Essentially, under s. 135.1, the Panel may, after a hearing, order that a person or company pay an administrative penalty if the Authority is satisfied that the person or company has contravened or failed to comply with the Act or a decision or order of the Authority and the Authority considers it to be in the public interest to make the order.

[59] To assist us in assessing the proportionality and appropriateness of the administrative penalty requested by Staff, we have considered the previous decisions of the Authority. They are summarized as follows:

- *RTG Direct Trading* (February 19, 2016): The respondents provided an online trading platform accessible by Saskatchewan residents to trade binary options. A Saskatchewan investor opened a trading account and transferred approximately $75,000 CAD to the respondents. The respondents returned $10,000 CAD to the investor in response to a request from the investor, but shortly thereafter the respondents made an unauthorized withdrawal for the same amount from the investor's credit card. The FCAA Hearing Panel awarded an administrative penalty of $25,000.

- *RBOptions* (February 19, 2016): The respondents provided an online trading platform accessible by Saskatchewan residents to trade binary options. A resident of Saskatchewan opened a trading account with the respondents and deposited $1,500 USD, but the investor never made a trade. When the investor requested the return of the funds from his trading account, the respondents demanded that the investor send a copy of his passport, driver's license, recent utility bill, and credit card information prior to the release of the funds. The investor continually refused to supply the personal information requested by the respondents. Despite not supplying them with his personal information, the respondents eventually returned the deposits to the investor. The FCAA Hearing Panel awarded an administrative penalty of $25,000.

- *AAoption* (June 8, 2016): The respondents provided an online trading platform accessible by accessible by Saskatchewan residents to trade binary options. A Saskatchewan investor opened a trading account with the respondents and deposited upwards of $5,000 USD. When the investor requested the return of the funds from his trading account, the respondents refused and were uncooperative. The FCAA Hearing Panel determined that an administrative penalty of $25,000 was appropriate.

[60] The foregoing decisions are sufficiently comparable to provide guidance on the nature and extent of the administrative penalty considered appropriate in the circumstances similar to those in this case. The Panel finds that the $25,000 administrative penalty proposed by Staff is appropriate, proportionate and in the public interest in the circumstances of this case.

Financial Compensation and Costs

[61] In its Statement of Allegations, Staff also requested that the Panel make an order that the Respondents pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or part, of the Respondents' contraventions of the Act, in an amount to be determined. In addition, staff requested that costs of or related to the hearing be recovered.

[62] A separate hearing will be required to deal with the issue of financial compensation and costs, if the Director makes a request pursuant to section 135. 6 for the Panel to make an order that the Respondents pay a claimant compensation for financial loss.

X. CONCLUSION

[63] For the reasons stated above, the Panel finds that the Respondents, Coperstone Limited, Coperstone Partners Limited, Chad Neuberger and Randall Silverman contravened subsection 27(2) of the Act by acting as dealers and advisors in Saskatchewan without registration.

[64] Having found contraventions of subsection 27(2) of the Act, the Panel has determined for the reasons set out above that it is in the public interest to make the following orders:

a) pursuant to clause 134(1)(a) of the *Act*, the exemptions in Saskatchewan securities laws do not apply to the Respondents, permanently;

b) pursuant to clause 134(1)(d) of the *Act*, the Respondents shall cease trading in any securities or derivatives in Saskatchewan, permanently;

c) pursuant to clause 134(1)(d.1) of the *Act*, the Respondents shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan, permanently;

d) pursuant to clause 134(1)(e) of the *Act*, the Respondents shall cease giving advice respecting securities or derivatives for and on behalf of residents of Saskatchewan, permanently;
e) pursuant to section 135.1 of the *Act*, the Respondents shall pay an administrative penalty to the FCAA in the amount of $25,000.00;

[65] This is the unanimous decision of the Panel.

Dated at Regina, Saskatchewan this 15th day of May, 2019.

[redacted]

Peter Carton (Chairperson)

[redacted]

The Honourable John Klebuc (Panel Member)

[redacted]

Howard Crofts (Panel Member)