

IN THE MATTER OF
THE SECURITIES ACT, 1988, S.S. 1988, C.S-42.2

AND

IN THE MATTER OF
SHEC ENERGY CORPORATION
JAMES THOMAS BECK

and

TERRENCE MICHAEL STOTT
(collectively referred to as the Respondents)

DECISION

Hearing held: November 20, 2017

Before: Mary Ann McFadyen (Chairperson)
Howard Crofts
Honourable Eugene Scheibel

Appearances: James Thomas Beck (Respondent)
Terrence Michael Stott (Respondent)
Sonne Udemgba (Counsel for Staff of the Financial and Consumer
Affairs Authority)

Date of decision: November 20, 2017

Introduction

[1] The proceedings at issue before the Panel of the Financial and Consumer Affairs Authority (the “Panel”) were originally commenced by Notice of First Appearance, dated February 11, 2016. The hearing set for November 20, 2017 in this matter was to hold a hearing on the merits

relating to the specific allegations against all of the Respondents. However, at the commencement of the hearing, the parties and the Panel agreed to sever the matter of the allegations against Terrence Michael Stott (“Mr. Stott”) from those against the other Respondents.

[2] Mr. Stott signed an Agreed Statement of Facts on October 10, 2017 (the “Agreed Statement of Facts”). Mr. Stott specifically admitted that he contravened clause 27(2)(a) of *The Securities Act, 1988* (the “Act”). Both Mr. Udemgba, on behalf of the Staff of the Financial and Consumer Affairs Authority, and Mr. Stott agreed to speak to sanctions at this time. The Panel therefore heard submissions from Mr. Udemgba, who additionally filed a brief of law, and also from Mr. Stott in relation to sanctions. The Panel was then left to make a determination on the sanctions to be imposed against Mr. Stott in relation to these matters.

Preliminary Decision and Process Matters

[3] Upon consideration of the submissions made in person by Mr. Udemgba and Mr. Stott and reviewing the brief of law provided by Mr. Udemgba, the Panel has determined that, with a few exceptions which will be addressed below, the sanctions requested by Staff are appropriate.

Issues

[4] As mentioned above, the only issue to be determined following this hearing was the sanctions to be imposed upon Mr. Stott.

Facts

[5] No evidence was called during this hearing. The Panel therefore relied on the Agreed Statement of Facts as the source of the facts.

[6] During his submissions, Mr. Stott advised the Panel that he had made a consumer proposal in October and was therefore an undischarged bankrupt at the time of the hearing and this status would remain for approximately the next three years.

Arguments of the Parties

[7] As mentioned above, each of the parties made submissions in relation to the sanctions to be imposed against Mr. Stott. Mr. Udemgba submitted that the following sanctions should be imposed, pursuant to section 134 of the Act:

1. That none of the exemptions in Saskatchewan securities law should apply to Mr. Stott for a period of five years;
2. That Mr. Stott shall cease trading in any securities or derivative in Saskatchewan for a period of five years;
3. That Mr. Stott shall not be employed by any issuer of securities or derivatives in Saskatchewan for 5 years;
4. That Mr. Stott shall be prohibited from acting as a registrant, an investment fund manager, or a promoter for a period of 5 years;

5. Mr. Stott shall pay to the Financial and Consumer Affairs Authority an administrative penalty in the amount of \$7,500; and
6. Mr. Stott shall pay a portion the costs of or relating to the hearing, to be determined following the determination of the hearings on the merits and sanctions of the other Respondents.

[8] In his submissions, Mr. Stott explained that during his involvement with SHEC Energy Corporation, he had relied upon statements by James Beck that the Respondents were operating within the parameters of the law. He went on to explain the hardship, including financial hardship that both he and his wife had faced as a result of his involvement with the other Respondents. Mr. Stott also advised the Panel of his consumer proposal, as mentioned above. He submitted that he was living on a very meagre income and due to his age (he is 68 years old) and his health, he does not foresee much room for financial recovery in his future. For these reasons, Mr. Stott asked the Panel not to create any further financial burden for him through administrative penalties. He did not raise any objection to the other sanctions requested by Mr. Udemgba.

Analysis

[9] The Panel is concerned the \$7,500 administrative penalty requested by Mr. Udemgba is high given all of the circumstances and considering Mr. Stott's impecunious state. However, we do acknowledge that some administrative penalty should be ordered against him. The Panel will therefore set the administrative penalty at \$5,000.

[10] No objection was raised to the suggestion by Mr. Udemgba that the issue of costs be adjourned until there was certainty in the total amount of costs in relation to these proceedings. However, the Panel notes that Mr. Stott has a right, as a matter of procedural fairness, to be heard on the amount of costs awarded against him when such a decision is made. Mr. Stott should therefore be provided with such an opportunity and with notice in advance of the time, date and location of the hearing in relation to costs.

[11] Since Mr. Stott has not raised issues with any of the sanctions requested by Mr. Udemgba other than the administrative penalty, the Panel shall order the other sanctions as requested by Mr. Udemgba.

Conclusion


- [12] For the reasons above, the Panel orders the following sanctions against Mr. Stott:
1. None of the exemptions in Saskatchewan securities law shall apply to Mr. Stott for a period of five years;
 2. Mr. Stott shall cease trading in any securities or derivative in Saskatchewan for a period of five years;
 3. Mr. Stott shall not be employed by any issuer of securities or derivatives in Saskatchewan for 5 years;
 4. Mr. Stott shall not act as a registrant, an investment fund manager, or a promoter for a period of 5 years;

5. Mr. Stott shall pay to the Financial and Consumer Affairs Authority an administrative penalty in the amount of \$5,000.

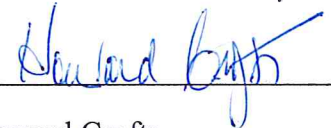
[13] The issue of costs of or relating to the hearing shall be determined following a hearing in relation to this issue to be held after the conclusion of the hearing on the merits in relation to allegations against the other respondents in this matter. Mr. Stott shall be provided in advance with notice of the time, date and location of this hearing.

[14] For further certainty, the Panel incorporates the terms of the Agreement Statement of Facts as part of this Decision.

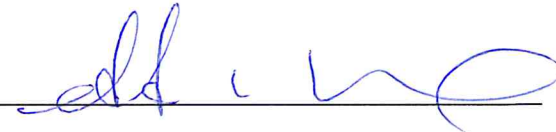
Dated November 20, 2017



Mary Ann McFadyen, Chairperson



Howard Crofts



Honourable Eugene Scheibel