

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

IN THE MATTER OF  
*THE SECURITIES ACT, 1988*

AND

IN THE MATTER OF

**RYAN GODLIEN**

(referred to as the “Respondent”, or “Mr. Godlien”)

**DECISION OF THE HEARING PANEL CONCERNING THE JOINT APPLICATION FOR SETTLEMENT  
APPROVAL**

**Hearing held:** June 27, 2022

**Before:** Karen Prisciak, Q.C., Panel Chairperson  
Peter Carton  
Honourable Eugene Scheibel

**Appearances:** Connor Smith on behalf of the Securities Division of the Financial and Consumer  
Affairs Authority (“Securities Counsel”)  
  
Usman Sheikh and Emily Hayes on behalf of the Respondent Mr. Godlien  
 (“Respondent Counsel”)

**Date of decision:** August 18, 2022

**I. INTRODUCTION**

1. This is our approval decision in response to the parties’ Joint Application for an Order Approving a Settlement Agreement (the “Joint Application”). The Joint Application is dated May 11, 2022. It seeks approval of a Settlement Agreement dated May 10, 2022 (the “Settlement Agreement”) and a corresponding Consent Order, which will fully resolve all the allegations contained in the Statement of Allegations dated April 1, 2022 (the “Statement of Allegations”).

2. Under section 135.3(1) of *The Securities Act, 1988*, SS 1988-89, c S-42.2 (the “Act”) a settlement agreement and corresponding consent orders must be approved by a Panel to fully dispose of a matter. In addition to the requirements under the *Act*, our practices and procedures are governed by Part 14 of *Saskatchewan Policy Statement 12-602* (the “Local Policy”).

3. For the reasons that follow we have unanimously agreed to accept the Joint Application, approve the Settlement Agreement, and grant the Consent Order as filed.

## **II. AGREED STATEMENT OF FACTS**

4. The parties accepted and incorporated a number of findings of fact from a settlement between the United States Securities and Exchange Commission and Simply Vital Health Inc. ("Simply Vital"), including:

- a. Simply Vital was the designer and creator of Health Nexus, a blockchain protocol designed to allow health care providers to safely share patient data.
- b. In September 2017 Simply Vital publicly announced that it was going to raise capital to develop Health Nexus through a public sale of digitized tokens called Health Cash, or HLTH. These tokens would subsequently be used as a medium of exchange on the Health Nexus blockchain protocol.
- c. The "crowdsale" of 200 million HLTH tokens was to occur between November 22, 2017, and December 20, 2017.
- d. A pre-sale was also announced through which 40 million of the total 200 million HLTH tokens would be sold. In order to participate in the pre-sale, members of the investing public had to provide personal information to Simply Vital, speak with a representative, and execute a Simple Agreement for Future Tokens ("SAFT"). The basic terms of the SAFT required an immediately payment in exchange for future delivery of HLTH tokens in the event they were created. A minimum purchase was required expressed as 35 Ethereum, which at that time was equivalent to roughly \$10,000 USD. A price discount relative to the expected future value of HLTH tokens was offered as an incentive to participate in the pre-sale.
- e. The pre-sale was completed, albeit later than initially anticipated, and Simply Vital scheduled the crowdsale for May 2018.
- f. The Securities Exchange Commission intervened by contacting Simply Vital between the close of the pre-sale and the open of the crowdsale. The intervention occurred before any HLTH tokens had actually been created, and therefore before any deliveries of HLTH tokens pursuant to the SAFTs.

- g. In January 2019 Simply Vital publicly announced it would not be generating any HLTH tokens or proceeding with the crowdsale at all, instead it returned all the funds raised during the pre-sale to those who had entered into a SAFT.
5. At all material times Mr. Godlien was a resident of Moose Jaw Saskatchewan, and was not registered as a dealer nor a representative of a registered dealer.
6. Mr. Godlien controlled a corporate entity called TGO Capital Inc., a YouTube channel called TheGobOne with roughly 1000 subscribers, and a Discord server. The purpose of the YouTube channel and the Discord server were to publicly discuss various cryptocurrency topics of interest with a view to participating in various Initial Coin Offerings through the use of asset pools. In February 2018, TGO Capital Inc. posted a spreadsheet analysis of the Simply Vital HLTH token pre-sale offering to the Discord server.
7. Ultimately, Mr. Godlien used the YouTube channel and Discord server to create two pools of assets to purchase HLTH tokens in Simply Vital's pre-sale. Mr. Godlien's asset pools collected over 2,172 Ethereum units, worth an estimated \$1.6 Million USD at that time, from 149 separate Ethereum public addresses. Mr. Godlien entered into a SAFT and used the funds raised through the pools to purchase future delivery of HLTH tokens. Mr. Godlien did not disclose the terms of the SAFT to the members of the pools.
8. By April 15, 2019, all of the funds, denominated in either Ethereum or USD, raised by Simply Vital in its pre-sale were returned to investors, including to the participants in Mr. Godlien's pools.
9. There is no evidence of dishonest conduct.
10. Mr. Godlien provided prompt and candid cooperation during the investigation conducted by the Securities Division of the Financial and Consumer Affairs Authority. He responded to all questions and produced all the documents requested.
11. Mr. Godlien has no prior experience in capital markets, has no disciplinary record with a regulatory authority in any jurisdiction, and neither specifically targeted Saskatchewan residents nor profited from the conduct described above.
12. Mr. Godlien agreed to an early resolution in this matter prior to the commencement of any hearing.

### **III. MISCONDUCT ALLEGED, ADMITTED, AND NOT ADMITTED**

13. On the basis of alleged facts effectively mirroring those agreed to above, The Statement of Allegations claimed that Mr. Godlien breached section 27(2)(a) of the *Act* by acting as a dealer as defined in the *Act* by engaging in or holding himself out as engaging in the business of trading in securities or derivatives as principal or agent without being registered to do so.

14. The remedies claimed for the alleged breach of the *Act* in the Statement of Allegations are that:
- a. The exemptions under Saskatchewan securities legislation do not apply to Mr. Godlien for 18 months;
  - b. Mr. Godlien shall cease trading in any securities or derivatives in Saskatchewan for 18 months, except securities and derivatives traded in his own personal accounts and/or digital wallets and for his own personal use;
  - c. Mr. Godlien shall cease acquiring securities and derivatives for and on behalf of residents of Saskatchewan for 18 months, except securities and derivatives for the purpose of his own personal accounts and/or digital wallets; and
  - d. Mr. Godlien shall cease giving advice respecting securities and derivatives and the trades thereof in Saskatchewan for 18 months.

15. No administrative penalties or costs awards were sought. No allegations were made against TGO Capital Inc., and there is no allegation that anyone acted as an adviser under section 27(2)(b) of the *Act*. There is no allegation of dishonest conduct.

16. As a part of the Settlement Agreement Mr. Godlien admits to the contravention of section 27(2)(a) of the *Act*.

#### **IV. SETTLEMENT TERMS, UNDERTAKINGS, AND SUBMISSIONS OF THE PARTIES**

17. For our purposes the essential terms of the Settlement Agreement are:
- a. The Settlement Agreement is made without prejudice and is conditional on approval by the Panel.
  - b. The Parties formally agree to the facts as stated above.
  - c. Mr. Godlien admits to the breach of section 27(2)(a) as alleged.
  - d. Mr. Godlien formally waives his right to a hearing on the merits along with any defenses he might have raised therein.
  - e. In exchange, the Executive Director of the Securities Branch of the Financial and Consumer Affairs Authority agrees that:

- i. upon approval of the Settlement Agreement the Statement of Allegations will be withdrawn;
    - ii. The Consent Order will be the only sanctions sought in this matter.
  - f. The Executive Director reserves the right to address any securities related matters not set out in the Statement of Allegations and/or the Settlement Agreement, including any new complaints. and
  - g. Mr. Godlien has had the opportunity to receive independent legal advice.
- 18. There are no undertakings to consider in this matter.
- 19. We received both written and oral submissions from the parties to the effect that:
  - a. The Panel's task in the within application is to determine whether the Settlement Agreement and Consent Order fall within a reasonable range of sanctions based only on the facts as agreed to between the parties.
  - b. Deference is owed to the resolution reached by the parties, and to the give and take of the settlement process.
  - c. The assessment of a reasonable sanction should consider the same factors that are ordinarily considered in assessing proportionate sanctions.
  - d. In this case the amount of funds raised would have been aggravating had the funds not been returned to the investors.
  - e. There was an absence of other aggravating factors including:
    - i. Mr. Godlien received no profit;
    - ii. Mr. Godlien had no prior experience in capital markets or any sort of specialized knowledge or experience that would have given him an advantage over the investors;
    - iii. There is no evidence of direct harm to investors;
    - iv. There was no evidence of, no allegation of, and no admission of much more serious breaches of the *Act* such as securities fraud.
  - f. There were several mitigating factors in this case including:

- i. Mr. Godlien had no prior disciplinary history;
  - ii. Mr. Godlien cooperated fully;
  - iii. A resolution was reached at a very early stage of the proceeding which limits the resources required;
  - iv. The resolution includes an admission of a breach of the *Act* which indicates acceptance of wrongdoing, remorse, and a genuine intention to avoid future misconduct.
- g. The proposed Consent Order contains market prohibitions within a range that is comparable to other cases from other jurisdictions in similar circumstances.
- h. Mr. Godlien is young, and therefore the length of the market access restrictions sought will still leave the door open to participation in the securities market in the future.

## **V. ANALYSIS OF PUBLIC INTEREST**

20. We are largely prepared to accept and adopt the submissions of the parties with respect to the absence of aggravating and mitigating factors in this case and the overall proportionality of the sanctions contained in the Consent Order. Our one reservation pertains to Mr. Godlien's age. While we agree that the age of a respondent is a relevant factor to our analysis, we were not presented with any evidence as to Mr. Godlien's age, and neither is it contained in the agreed statement of facts. It is challenging for us to attach significance to this argument without an agreed factual basis for it. Having said that, this one reservation does not affect our overall preparedness to accept and adopt the submissions of the parties on the proportionality of the sanctions.

21. In addition to the overall proportionality of the sanctions relative to the conduct admitted in this case, we have also turned our minds to the overarching purpose of the *Act*. Our dual mandate is protecting the investing public and fostering fair, efficient capital markets in which the public may have confidence. Overall, we are satisfied that the Settlement Agreement and Consent Order in this case do not result in an unacceptable risk to the investing public. On this point we are particularly mindful that no harm was suffered by any investors and Mr. Godlien has fully acknowledged and accepted responsibility for the conduct at issue. We are also satisfied that the Settlement Agreement and Consent Order provides for sufficient general deterrence without being too onerous for Mr. Godlien. In the end we are satisfied that the Settlement Agreement and Consent Order will not adversely affect the fairness, efficiency, or public confidence in the capital markets.

22. For these reasons we unanimously agree to accept the Joint Application, approve the Settlement Agreement, and grant the Consent Order as filed.

**VI. ORDER**

23. The Settlement Agreement is approved;

24. Pursuant to paragraph 134(1)(a) of the Act, all of the exemptions in Saskatchewan securities law do not apply to Ryan Godlien, for eighteen (18) months;


25. Pursuant to paragraph 134 (1) (d) of the Act, Ryan Godlien shall cease trading in any securities and derivatives in Saskatchewan, for eighteen (18) months, save for the purposes of his own personal trading account(s) and/or digital wallet(s);

26. Pursuant to paragraph 134 (1) (d.1) of the Act, Ryan Godlien shall cease acquiring securities and derivatives for and on behalf of residents of Saskatchewan, for eighteen (18) months, save for the purposes of his own personal trading account(s) and/or digital wallet(s); and

27. Pursuant to paragraph 134 (1) (e) of the Act, Ryan Godlien shall cease giving advice respecting securities and derivatives and trades thereof in Saskatchewan, for eighteen (18) months.

Dated at Regina, Saskatchewan this 18<sup>th</sup> day of August, 2022.

  
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Karen Prisciak, Q.C., Hearing Panel Chairperson

  
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Peter Carton, Panel Member

  
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Honourable Eugene Scheibel, Panel Member