

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 21, 2017

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

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

Date of decision: November 21, 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 and 21, 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. Upon receipt of an agreed statement of facts between Mr. Stott and Staff for the Financial and Consumer Affairs Authority (the “Staff”), submissions relating to sanctions to be imposed on Mr. Stott were heard and a decision was rendered on that issue.

[2] On the afternoon of November 20, 2017, after giving its decision in relation to the sanctions imposed on Mr. Stott, the Panel heard testimony regarding the allegations against James Thomas Beck (“Mr. Beck”) and SHEC Energy Corporation (“SHEC”). Mr. Beck represented himself and SHEC during these proceedings. On December 6, 2016, Mr. Beck had signed an Agreed Statement of Facts, in which some, but not all of the allegations against SHEC and Mr. Beck were admitted (the “Agreed Statement of Facts”).

[3] The Panel heard submissions on November 21, 2017, regarding the sanctions to be imposed against Mr. Beck and SHEC.

Preliminary Decision and Process Matters

[4] Based on the signed Agreed Statement of Facts and the testimony heard by the Panel on November 20, 2017, the Panel is satisfied that Mr. Beck and SHEC have both breached sections 27 and 58 *The Securities Act, 1988* (the “Act”) and section 6.1 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) (“NI 45-106”) in the manner alleged in the Statement of Allegations.

Issues

[5] The issues to be decided are as follows:

1. Did Mr. Beck contravene the Act and NI 45-106 as alleged?
2. Did SHEC contravene the Act and NI 45-106 as alleged?
3. If Mr. Beck and SHEC did contravene the Act and NI 45-106 as alleged, what are the appropriate sanctions to be imposed on each of them?

Facts

[6] As mentioned above, many of the facts considered by the Panel in this matter were contained in the Agreed Statement of Facts. Mr. Beck and SHEC admitted that insofar as they were unable to demonstrate the availability of any exemptions from the prospectus requirement in relation to the distributions, they had contravened subsection 58(1) of the Act.

[7] In his submissions, Mr. Beck did not provide evidence which satisfied the Panel that either he or SHEC met the requirements of any of the exemptions to the requirement to file prospectus which exist pursuant to the laws of Saskatchewan.

Arguments of the Parties

[8] Mr. Udemgba, on behalf of staff submitted that the following sanctions should be imposed on Mr. Beck and SHEC:

1. pursuant to clause 134(1)(a) of the Act, all of the exemptions in Saskatchewan securities laws do not apply to either Mr. Beck or SHEC for a period of five years;
2. pursuant to clause 134(1)(d) of the Act, Mr. Beck and SHEC shall cease trading in any securities or exchange contracts in Saskatchewan for a period of five years;
3. pursuant to clause 134(1)(h)(iii) of the Act, Mr. Beck shall not be employed by any issuer, registrant or investment fund manager in any capacity that would allow him to trade in securities, for a period of five years;
4. pursuant to clause 134(1)(h.1) of the Act, Mr. Beck shall be prohibited from becoming or acting as a registrant, an investment fund manager or a promoter, for a period of five years;

5. pursuant to section 135.1 of the Act, Mr. Beck and SHEC shall jointly and severally pay an administrative penalty to the Financial and Consumer Affairs Authority in the amount of \$50,000;
6. Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to this hearing, as determined either by agreement between all the Respondents and the Staff or by the Panel.

[9] In his submissions, Mr. Beck did not dispute the assertions contained in the Statement of Allegations and admitted that the Agreed Statement of Facts was accurate and orally agreed that both he and SHEC had breached the Act. He further requested that any sanctions imposed be imposed on him personally and not on SHEC. Mr. Beck also argued for a reduction in the administrative penalty.

Analysis

[10] In view of the evidence presented in this case, the Panel is of the opinion that the administrative penalty requested by Staff should be set at \$14,000, to be paid jointly and severally by Mr. Beck and SHEC is a more appropriate administrative penalty.

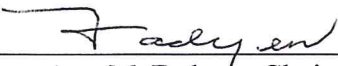
Conclusion

[11] For the reasons above, the Panel orders the following sanctions against Mr. Beck and SHEC:

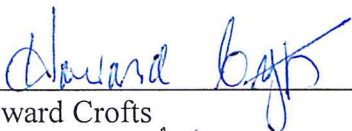
1. pursuant to clause 134(1)(a) of the Act, all of the exemptions in Saskatchewan securities laws do not apply to either Mr. Beck or SHEC for a period of five years, subject to the conditions hereinafter set forth;
2. pursuant to clause 134(1)(d) of the Act, Mr. Beck and SHEC shall cease trading in any securities or exchange contracts in Saskatchewan for a period of five years, subject to the conditions hereinafter set forth;
3. pursuant to clause 134(1)(h)(iii) of the Act, Mr. Beck shall not be employed by any issuer, registrant or investment fund manager in any capacity that would allow him to trade in securities, for a period of five years;
4. pursuant to clause 134(1)(h.1) of the Act, Mr. Beck shall be prohibited from becoming or acting as a registrant, an investment fund manager or a promoter, for a period of five years;
5. pursuant to section 135.1 of the Act, Mr. Beck and SHEC shall jointly and severally pay an administrative penalty to the Financial and Consumer Affairs Authority in the amount of \$14,000;
6. pursuant to paragraph 134(1)(a) and (d) as set out above in points 1 and 2 of paragraph 11, if and when SHEC becomes a compliant registrant in the province of Saskatchewan, as determined by Financial and Consumer Affairs Authority, the cease trade order against SHEC will be rescinded.
7. Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to this hearing, as determined either by agreement between all the Respondents and the Staff or by the Panel.

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

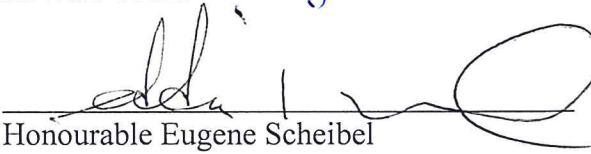
Dated: November 21, 2017



Mary Ann McFadyen, Chairperson



Howard Crofts



Honourable Eugene Scheibel