

ALBERTA SECURITIES COMMISSION

Citation: Re GRS Hydrogen Solutions Inc., 2023 ABASC 129

Docket: ENF-013002

Date: 20230825

NOTICE OF HEARING

To: GRS Hydrogen Solutions Inc. and Albert Eugene Cerenzie

Notice: The Alberta Securities Commission (the **Commission**) will convene at 1:30 p.m. on Wednesday, October 11, 2023, or as otherwise directed (the **Set Date Hearing**), at Calgary, Alberta, to set a date or dates for the conduct of a hearing regarding the allegations in this Notice (the **Merits Hearing**). At the Merits Hearing, the Commission will consider whether the allegations have been proven. If so, the Commission will subsequently consider whether it is in the public interest to make orders against you under sections 198, 199 and 202 of the *Securities Act*, RSA 2000, c S-4, as amended (the *Act*).

Location: Alberta Securities Commission, 5th Floor, 250 – 5 Street SW, Calgary, Alberta.

Procedure:

1. You may obtain document disclosure and further information about particulars of the allegations in this Notice from Peter Verschoote, c/o Alberta Securities Commission, 600, 250 - 5 Street SW, Calgary, Alberta, T2P 0R4, telephone: 403.297.4967, email: peter.verschoote@asc.ca.
2. You may be represented by legal counsel or represent yourself. You or your legal counsel may make representations at the Set Date Hearing as part of the process for scheduling the Merits Hearing and the hearing management sessions that will take place between the Set Date Hearing and the Merits Hearing. At the Merits Hearing, you or your legal counsel may make representations and introduce relevant evidence regarding the allegations in this Notice.
3. If you or your legal counsel fail to attend the Set Date Hearing, the scheduling of the Merits Hearing and the hearing management sessions may proceed in your absence without further notice, and the Merits Hearing itself may proceed in your absence without further notice, following which orders may be made against you.

See attached sections 29, 92(3)(b), 92(4.1), 110(1), 198, 199 and 202 of the Act, and Commission Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.

Reciprocation: Take notice that orders or settlements made by the Commission may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to you. If an order is made or a settlement agreement is reached in relation to this Notice, you should contact the securities regulator of any other jurisdiction in which you may intend to engage in any securities related activities.

Allegations

Parties and Background

1. GRS Hydrogen Solutions Inc. (**GRS**) is an active corporation that was registered in Alberta on or around May 5, 2021. From approximately May 5, 2021, to December 19, 2022, its registered office was located in Calgary, and from approximately December 19, 2022, to the present, its registered office has been located in Sylvan Lake. From approximately December 2021, to May 2023, (the **Relevant Period**), GRS purported to be in the business of producing and selling hydrogen and other forms of energy, among other things.
2. Albert Eugene Cerenzie (**Cerenzie**) is an individual who, during the Relevant Period, resided in or around Red Deer, and was the sole director, president, Chief Executive Officer, 80 per cent voting shareholder and controlling mind of GRS. During the Relevant Period, Cerenzie was the sole signatory on GRS' bank account, exercised control over GRS' website, hired employees and/or consultants to raise capital for GRS and signed subscription agreements on behalf of GRS. Cerenzie authorized, permitted or acquiesced to all of the misconduct of GRS described below.
3. During the Relevant Period, GRS raised approximately \$255,000 CAD from 13 investors, some of whom were located in Alberta. In exchange for their invested capital, and pursuant to written agreements, the investors received or expected to receive shares in GRS. Each of those agreements, and each of those shares, was a security within the meaning of section 1(ggg) of the *Act* (collectively, the **Securities**).

Illegal Distributions

4. By selling the Securities to investors, GRS engaged in trades in relation to the Securities within the meaning of section 1(jjj) of the *Act*.
5. By engaging in those trades, GRS also engaged in distributions of the Securities within the meaning of section 1(p) of the *Act* (the **Distributions**).
6. GRS has not filed a preliminary prospectus or prospectus in relation to the Distributions, nor has the Executive Director of the Commission (the **Executive Director**) issued a receipt for either of those documents.
7. GRS did not have an exemption from the prospectus requirement for at least some of the Distributions.

Prohibited Representations and Misrepresentations About TSX Listing

8. During the Relevant Period, GRS made representations to investors and the general public, at various times, that (a) the Securities would be listed on the Toronto Stock Exchange (**TSX**), (b) an application had been made to list the Securities on the TSX, and (c) an application would be made to list the Securities on the TSX (collectively, the **TSX Representations**). The TSX Representations were made on GRS' website, in purported news articles that GRS created or helped create and/or in communications with investors.
9. The TSX Representations were, individually and/or collectively, representations within the meaning of section 92(3)(b) of the *Act*.
10. The TSX did not grant approval, conditional or otherwise, to list or quote the Securities. The TSX did not consent, or indicate that it did not object to, any of the TSX Representations.
11. The Executive Director did not give written permission to GRS to make any of the TSX Representations.
12. GRS did not make an application to list the Securities on the TSX prior to or during the Relevant Period.
13. The Securities were not listed on the TSX during the Relevant Period.
14. The TSX Representations were statements within the meaning of section 92(4.1) of the *Act*.
15. The TSX Representations were, individually and/or collectively, in a material respect and at the time and in light of the circumstances in which they were made, misleading or untrue, or did not state a fact that was required to be stated or that was necessary to make the TSX Representations not misleading. GRS knew or ought to have known that.
16. The TSX Representations would reasonably have been expected to have a significant effect on the market price or value of the Securities. GRS knew or ought to have known that.

Misrepresentations About Purported Contract with ATCO

17. During the Relevant Period, GRS made statements to investors and the general public that GRS and the ATCO Group, or GRS and an entity within the ATCO Group (collectively, **ATCO**), had entered into a contract related to the production and/or supply of hydrogen, electricity and/or methanol (the **ATCO Statements**). The ATCO Statements were made on GRS' website, in purported news articles that GRS created or helped create and in communications with investors.
18. GRS and ATCO never entered into a contract related to the production and/or supply of hydrogen, electricity and/or methanol prior to or during the Relevant Period.

19. The ATCO Statements were, individually and/or collectively, statements within the meaning of section 92(4.1) of the *Act*.
20. The ATCO Statements were, in a material respect and at the time and in light of the circumstances in which they were made, misleading or untrue, or did not state a fact that was required to be stated or that was necessary to make the ATCO Statements not misleading. GRS knew or ought to have known that.
21. The ATCO Statements would reasonably have been expected to have a significant effect on the market price or value of the Securities. GRS knew or ought to have known that.

Breaches

22. As a result of the above, GRS breached:
 - 22.1 section 110(1) of the *Act* by distributing the Securities:
 - 22.1.1 without having filed and received a receipt for a preliminary prospectus or prospectus; and
 - 22.1.2 without an exemption from the prospectus requirement for at least some of the Distributions;
 - 22.2 section 92(3)(b)(i) of the *Act* by making the TSX Representations:
 - 22.2.1 without having obtained written permission from the Executive Director; and
 - 22.2.2 in circumstances in which the TSX had not granted approval to list or quote the Securities, conditional or otherwise, or consented to, or indicated that it did not object to, the TSX Representations;
 - 22.3 section 92(3)(b)(ii) of the *Act* by making the TSX Representations:
 - 22.3.1 without having obtained written permission from the Executive Director;
 - 22.3.2 without having made an application to list or quote the Securities on the TSX, and without the Securities having been listed or quoted on the TSX; and
 - 22.3.3 in circumstances in which the TSX had not granted approval to list or quote the Securities, conditional or otherwise, or consented to, or indicated that it did not object to, the TSX Representations;
 - 22.4 section 92(3)(b)(iii) of the *Act* by making the TSX Representations without having obtained written permission from the Executive Director;
 - 22.5 section 92(4.1) of the *Act* by making the TSX Representations:

