

**ALBERTA SECURITIES COMMISSION**

**DECISION**

**Citation: Re Hunter, 2026 ABASC 94**

**Date: 20260706**

**Glenn Donald Hunter, Kyle William Watters, HW & Associates Inc. and  
HW TradeFX LLC**

**Panel:**

Kari Horn, K.C.  
Tom Cotter  
Andrea Whyte, K.C.

**Representation:**

Richard Van Dorp  
Jennifer Galarneau  
for Commission Staff

Glenn Donald Hunter  
for himself

Andrew Wilson, K.C.  
for Kyle William Watters and  
HW Trade FX LLC

**Submissions Completed:**

April 7, 2026

**Decision:**

July 6, 2026

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## I. INTRODUCTION

[1] Glenn Donald Hunter (**Hunter**), Kyle William Watters (**Watters**), HW & Associates Inc. (**HW**), and HW TradeFX LLC (**TradeFX**, and, collectively with Hunter, Watters, and HW, the **Respondents**) acted as dealers without being registered in Alberta, contrary to s. 75(1)(a) of the *Securities Act* (Alberta) (the **Act**). These findings are set out in an October 8, 2025 decision (the **Merits Decision**, cited as *Re Hunter*, 2025 ABASC 139) of this panel of the Alberta Securities Commission (the **ASC**). We found there that the Respondents raised approximately \$20 million from investors between February 2021 and February 2023 (the **Relevant Period**). Most of those investors lost most of their money due to the Respondents' unsuccessful foreign exchange (**Forex**) trading.

[2] After the Merits Decision was issued, the second phase of this proceeding began, leading to the sanction hearing (the **Sanction Hearing**) held on January 19 and April 7, 2026. On the first date, we received documentary evidence and heard testimony from Hunter and Watters. On the second date, we heard oral submissions from staff (**Staff**) of the ASC, from Hunter for himself, and from counsel for Watters and TradeFX. We had earlier received Staff's bill of costs (the **Bill of Costs**) and written submissions from Staff and Hunter. Neither Watters nor TradeFX provided written submissions. TradeFX took no position on any of the sanctions sought against it. Hunter did not represent HW during the sanction proceeding. HW was, therefore, unrepresented and made no written or oral submissions.

[3] After considering the evidence and submissions at the Sanction Hearing in conjunction with the evidence and findings from the first phase of the proceeding (the **Merits Hearing**), for the reasons set out below, we are ordering:

- 16-year and 20-year market-access bans against Hunter and Watters, respectively (with some conditions and exceptions), and permanent market-access bans against HW and TradeFX;
- administrative penalties of \$125,000 and \$150,000 against Hunter and Watters, respectively;
- disgorgement of \$600,000 and \$1,013,137.81 against Hunter and Watters, respectively;
- permanent market-access bans against HW and TradeFX; and
- a cost-recovery payment of \$15,055.81 from each of Hunter and Watters.

## II. BACKGROUND

[4] Detailed facts about the Respondents, their activities, and our findings are set out in the Merits Decision and summarized here. Our findings in the Merits Decision were based on a set of exhibits agreed to by all parties. That included the Respondents' April 10, 2025 statement of admissions (the **Statement**). We generally accepted the agreed facts from the Statement, modified and augmented based on our review of the documentary evidence. There was additional evidence tendered during the Sanction Hearing, which is reflected in this decision, as appropriate.

[5] Hunter (an Alberta resident) and Watters (a British Columbia (**BC**) resident) were the only directors of HW (a BC company incorporated on October 19, 2021) and the only signatories for its two bank accounts. HW sometimes used a logo and a slogan for HW: "We work so you don't have to." TradeFX was incorporated in St. Vincent and the Grenadines on April 29, 2022. Hunter was listed as the manager and member (equivalent to a director and shareholder) and was identified as the only signatory for TradeFX's accounts. Watters sometimes referred to himself as its president. TradeFX's articles listed its business activities as "Forex Trading/Brokerage" and providing brokerage and related services for Forex, contracts for difference (**CFDs**), and other financial instruments. Hunter and Watters were shown to be TradeFX's key employees, with Hunter responsible for "Admin work" and Watters for charts and trades. Hunter and Watters admitted they were the guiding minds of both HW and TradeFX, and we found that to be so. Hunter testified during the Sanction Hearing that he had less of a say in the business because Watters owned a 51% controlling interest in HW, with Hunter holding only 49%. We were not directed to any other evidence confirming that statement. Although we could not confirm Hunter's testimony on that point, the shareholding percentage was not, in itself, determinative of their relative roles, as discussed below.

[6] The Respondents engaged in Forex trading in CFDs (as set out in the Merits Decision), apparently all through Tradeview Ltd. (**Tradeview**), an online trading platform based in the Cayman Islands. During the Relevant Period, they used two different systems: the **Initial System** (from February 2021 to approximately November 2022); and the **New System** (from approximately April 2022 to February 2023). The Initial System was structured using HW's two bank accounts and four of Watters' personal or corporate bank accounts; the New System trading was done through accounts each investor opened with Tradeview. This trading was done with approximately \$20 million raised from about 200 investors in Alberta, BC, and Saskatchewan. Some investors received back a total of about \$1.8 million, with the rest of the money being lost. Of the \$1.8 million, approximately \$600,000 was paid to 48 investors in October 2022, arranged by Hunter.

[7] The Respondents admitted that approximately \$1.77 million total in commission payments was paid into TradeFX's Tradeview trading account (the **TradeFX Account**) on September 13, October 4, and November 2, 2022. We also found that some of that money was transferred to Hunter and Watters as their commissions from investor trading: \$600,000 to Hunter's Tradeview trading account (the **Hunter Trading Account**); and \$1,013,137.81 (after accounting for a deduction) to Watters' Tradeview trading account (the **Watters Trading Account**). We found that, during the Relevant Period, Hunter withdrew \$1,050 from the Hunter Trading Account and Watters withdrew \$523,431.20 from the Watters Trading Account, with most or all of the remainder in each account apparently lost through trading.

[8] We also found that Hunter was involved in communications with ASC Staff in January 2022, and both Hunter and Watters were involved in communications in June and July 2022 with staff of the British Columbia Securities Commission (the **BCSC**). The background to the ASC communication was limited, but the ASC Public Information Officer provided information on registration and recommended that Hunter consult with counsel. The BCSC staff raised concerns about the lack of registration for the Forex trading, specifically by HW. The BCSC investigator sent Watters a caution letter (the **Caution Letter**) dated July 11, 2022, containing additional warnings about securities law registration requirements and suggesting that Watters

contact a lawyer. The majority of the investors' money lost by the Respondents was raised after those communications.

[9] Based on all of the evidence and consistent with the Respondents' admissions, we found that they each breached s. 75(1)(a) of the Act by acting as a dealer without being registered in accordance with Alberta securities laws. We did not need to consider whether Hunter and Watters also authorized, permitted, or acquiesced in the breaches by HW and TradeFX, given the two individuals' direct breaches.

[10] The Respondents have been prohibited from certain activities by a May 4, 2023 interim order, which was extended on May 1, 2024 until this proceeding was finally determined or otherwise concluded (cited, respectively, as *Re Hunter*, 2023 ABASC 56 and *Re Hunter*, 2024 ABASC 76; and, together, the **Interim Order**).

### III. ANALYSIS: SANCTION

#### A. Preliminary Issue: Credibility

[11] Hunter and Watters both testified during the Sanction Hearing. We did not assess their credibility earlier because there was no testimony during the Merits Hearing.

[12] Credibility assessments – and related conclusions on choosing between or reconciling conflicting evidence – have been determined by ASC panels as set out in *Re Aitkens*, 2018 ABASC 27 (at para. 52, and cited in other decisions, including *Re Ward*, 2022 ABASC 139 at para. 31). Panels consider: (1) the source of the evidence; (2) its consistency (or not) with other reliable evidence; and (3) whether the evidence is logical in the circumstances. Further, disbelief of a witness does not necessarily mean that the opposite of what the witness said is true (*Aitkens* at para. 53, cited in *Ward* at para. 32).

[13] Hunter's evidence was the most challenging to assess. Because he was self-represented, his direct evidence was given as a statement, rather than as a response to questions from counsel. That direct evidence was not always well-organized, nor did he address some points (such as his current financial situation) in the most helpful manner. We took that into account when assessing his evidence. We discuss the particular elements of his testimony where relevant throughout this decision. As a summary and based on his testimony and the documents in evidence, including the Statement, we conclude that Hunter:

- expressed genuine regret and remorse;
- suffered from some financial difficulties, although he did not prove that paying an administrative penalty in a particular amount would be an unsurmountable hardship;
- did not bring the Hutterite communities into the Forex scheme and had little to do with their representatives, other than signing receipts for their investments when asked to by Watters;
- recognized that he could have done more at the time of the events to address the concerns of the ASC and the BCSC;

- attempted to minimize considerably his involvement with communications among the Respondents, the ASC, and the BCSC;
- participated in and continued email communications with investors in which the Respondents consistently referred to investors making additional investments, despite his claims that no such communications happened after a certain time or that any such communications were oversights or errors; and
- ensured that some investors were paid back some or all of the amounts they invested.

[14] We conclude that Hunter, at some point, asked Watters to cut back on trading or to be more careful with trading. We also believe that Hunter was concerned about the communications with the ASC and BCSC. However, we do not accept that Hunter directly and definitively told Watters to stop trading with investor money either in the spring of 2022 or at any time. We also do not find that Hunter took reasonable positive actions to deal with the regulatory concerns or the need for registration once he learned of those issues. We reject his evidence that he verbally told investors to stop investing and that the Respondents were no longer trading.

[15] We do not accept that Hunter was "scared" or otherwise somehow unable to deal with Watters, face the regulatory issues, stop investors from sending more money, or ensure commission money he received in the Hunter Trading Account was preserved so more investors could be repaid.

[16] Watters' testimony was focused on his medical and financial circumstances. Staff were highly critical of his medical evidence, but seemed to accept much of his evidence about his straitened financial circumstances. We accept that Watters had been discharged from bankruptcy in 2023 or 2024 and received, at the time of his testimony, approximately \$48,000 per year from government support programs (disability pension, child benefits, and rental assistance).

[17] We find that Watters' medical evidence of his current inability to work directly relates to his financial evidence. His income is from government support programs, at least some of which are based on medical circumstances. We conclude that the fact Watters received that support showed he had medically satisfied the conditions for it. In conjunction with that, we could not accept Staff's contention that Watters trading after his accident, attending a Staff interview, and sometimes using a computer meant that – despite the evidence to the contrary – "he could perform a variety of different types of jobs". Overall, the other evidence before us supported Watters' testimony that he is currently unable to work, has limited income, and has no assets. What we did not have was evidence of how long he would be unable to work.

## **B. The Law**

### **1. Statutory Provisions**

[18] Section 198(1) of the Act allows a panel to order various market-access bans and disgorgement (payment of an amount obtained in contravention of Alberta securities laws). Section 199 allows a panel to order an administrative penalty against respondents. Both sections require

the panel to conclude that such orders would be in the public interest. We discuss the specifics of these possible orders below.

## 2. Sanctioning Rationale and Principles

[19] The rationale and principles involved when exercising our public interest mandate for sanctioning misconduct were set out by an ASC panel in *Re Homerun International Inc.*, 2016 ABASC 95 at paras. 12-19 (and subsequently cited in many decisions, including *Re Ghani*, 2024 ABASC 48 at para. 41, as noted by Staff in their written submissions):

[12] The ASC administers the Act with a view to protecting investors and fostering a fair and efficient capital market that merits confidence. The ASC's public interest sanctioning powers under sections 198 and 199 of the Act are protective and preventive, not punitive or remedial (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37 at paras. 39-45).

[13] Any sanctions ordered against a respondent "must be proportionate and reasonable" (*Walton v. Alberta (Securities Commission)*, 2014 ABCA 273 at para. 154). Both specific deterrence (detering future misconduct by a particular respondent) and general deterrence (detering misconduct by others) are "legitimate considerations" in determining appropriate sanctions (*Walton* at para. 154; and see *Re Cartaway Resources Corp.*, 2004 SCC 26 at paras. 52-62).

[14] The determination in a particular case of whether deterrence is required and, if so, the type and extent of sanctions appropriate for that purpose, will turn on the circumstances of the misconduct and of the particular respondent, and on an assessment of the risk posed to investors and the capital market by a particular respondent or by others who might be minded to emulate the respondent's misconduct.

[15] Pertinent to assessing the proportionality and reasonableness of a contemplated sanction is the Alberta Court of Appeal statement in *Walton* (at para. 154) that "general deterrence does not warrant imposing a crushing or unfit sanction on" a respondent. Specifically in the context of an administrative penalty, the Court of Appeal stated (at para. 156) that it must "be proportionate to the offence, and fit and proper for the individual offender".

[16] Ensuring that sanctions are proportionate involves appropriate consideration of other decisions and settlement outcomes, while recognizing that decisions or outcomes seldom involve identical factual circumstances or wrongdoing.

[17] Panels may be faced with assessing the proportionality of contemplated sanctions against a respondent claiming impecuniosity, or at least a constrained ability to satisfy any monetary order. In this regard, we note the statements in *Walton* that an administrative penalty "beyond the capacity of the individual offender cannot be justified on the basis that it will deter others who are in a better financial condition" (at para. 165) and that the amount of an administrative penalty should not be "determined after overemphasizing the requirement of general deterrence, without having sufficient regard to the individual circumstances" (at para. 166).

[18] We do not understand these statements to preclude consideration of general deterrence in assessing either the need for, or the appropriate extent of, an administrative penalty against an individual respondent. Rather, this was an admonition not to focus exclusively, or excessively, on general deterrence. The Court of Appeal explained this, and the danger to be avoided, as follows (*Walton* at para. 156): "An administrative penalty [focused] purely on general deterrence of an unidentified and amorphous sector of the public could easily become disproportionate to the circumstances of the individual involved". We are mindful, however, that a monetary sanction almost inevitably involves (and indeed that a sanction of any type might impose) a burden on a respondent. This does not in itself demonstrate disproportion or unreasonableness in the *Walton* sense; an order with no real effect on the recipient may be no sanction at all.

[19] Another point sometimes raised by an individual respondent opposed to market-access bans is a resultant claimed impediment to earning money, be it for living expenses, for retirement, or to pay restitution to investors. The capital market is a regulated sector, in which participants choose to operate. Once they make that choice, they are subject to the relevant laws. Should they contravene those laws, they are then subject to our jurisdiction to act in the public interest to prevent or constrain their future participation. Such an outcome, even if it compels a respondent to seek a new livelihood outside the capital market, does not in itself indicate disproportion or unreasonableness.

### 3. Types of Sanction

[20] Staff sought three types of sanction: market-access bans; an administrative penalty; and disgorgement.

[21] As often noted by ASC panels, market-access bans typically form an integral part of any sanctions ordered because of the deterrence they provide: specific deterrence by banning the particular respondent; and general deterrence by ensuring others tempted to emulate the misconduct realize there are significant consequences for doing so. The ASC panel in *Re Planned Legacies Inc.*, 2011 ABASC 278 stated (at paras. 42 and 63) that participation in our capital market is a privilege, not a right, and that privilege can be removed for those who abuse it (also see, for example, *Re Fauth*, 2019 ABASC 102 at paras. 67-68). Market-access bans must reflect the necessary deterrence by being linked to the type of misconduct (see *Fauth* at para. 69). Here, for example, the Respondents engaged in unregistered dealing and the individual Respondents acted as directors and officers during the course of their misconduct. Accordingly, market-access bans for those roles, among others, are appropriate, as discussed below.

[22] Monetary sanctions are also usually required for effective deterrence. These may be disgorgement under s. 198(1)(i) of the Act or administrative penalties under s. 199.

[23] Disgorgement is not a compensation mechanism, but is designed to prevent a respondent from retaining financial benefits obtained through breaches of Alberta securities laws. It thus affects the future incentive to profit from misconduct by removing money unlawfully obtained (see, for example, *Fauth* at para. 77 and *Planned Legacies* at para. 71). Disgorgement is assessed in two steps: (1) did a respondent obtain, directly or indirectly, amounts from contravening Alberta securities laws (this includes amounts obtained through a corporate entity controlled by a respondent); and (2) is a disgorgement order in the public interest (*Fauth* at paras. 78-80). Staff have the burden of proving the amount obtained through misconduct, then the burden shifts to the respondents to show why that amount might be unreasonable (*Fauth* at para. 81). The relevant amount is not what a respondent spent inappropriately or retained, as such limitation would illogically protect a respondent who spent all the money or whose scheme failed (*Fauth* at para. 82, and also see the authorities cited there). To that end, impecuniosity does not affect the appropriate amount of disgorgement. As stated in *Re Magee*, 2015 ABASC 846 (at para. 191; cited in *Fauth* at para. 84): "it would seem perverse that disgorgement could be ordered against a respondent who has retained amounts illegally obtained, but not against a respondent who has squandered such amounts".

[24] Administrative penalties have a different purpose than disgorgement orders. Instead of deterring misconduct by removing the prospect of financial gain, an administrative penalty is

designed to deter future misconduct by reinforcing that breaches of securities laws are serious. The two types of monetary sanction are often appropriate for the same breaches because of the differing purposes, so that a respondent paying a disgorgement order will not see that order as merely a cost of doing business (for example, see *Fauth* at para. 98). Administrative penalties must be significant enough to be a deterrent but cannot over-emphasize general deterrence to the point they become disproportionate, "crushing or unfit", or "beyond the capacity of the individual offender" (see *Walton* at paras. 154 and 165, which is also discussed in decisions by ASC panels, such as *Fauth* at para. 99). Balance is important because a factor such as impecuniosity cannot lower an administrative penalty to the point that it is effectively no sanction at all – that would not achieve any deterrence (general or specific) and could erode confidence in our capital market (*Fauth* at para. 100).

[25] The types of sanction being sought by Staff and considered by a panel must work together to achieve the required specific and general deterrence in all the circumstances. We address this balance later in this decision when discussing the appropriate sanction orders for each Respondent.

#### **4. Sanctioning Factors**

[26] There are four categories of sanctioning factors – relying on the fundamental rationale and principles just mentioned. Those were set out in *Homerun* at para. 20:

[20] In making the requisite sanctioning assessment and determination, several factors are considered. Numerous potential factors have been discussed in past ASC decisions including *Re Lamoureux*, [2002] A.S.C.D. No. 125 at para. 11 (affirmed on other grounds 2002 ABCA 253); *Re Workum and Hennig*, 2008 ABASC 719 at para. 43 (affirmed 2010 ABCA 405); and *Re Hagerty*, 2014 ABASC 348 at para. 11. With a view to clarifying the interaction of principles and factors, it is helpful here to recast the analytical framework by coupling the principles discussed above with a refined enumeration of sanctioning factors:

- the seriousness of the respondent's misconduct;
- the respondent's pertinent characteristics and history;
- any benefit sought or obtained by the respondent; and
- any mitigating or aggravating considerations.

[27] These factors were covered at length in *Homerun* (at paras. 22-46) and have been discussed and applied in many subsequent decisions of ASC panels, including *Ghani* (at paras. 44-69) and *Re Kilimanjaro Capital Ltd.*, 2021 ABASC 131 at paras. 22-45 (affirmed *sub nom. Rashid v. Alberta (Securities Commission)*, 2023 ABCA 53).

### **C. Parties' Positions on Sanction**

#### **1. Staff**

[28] Staff submitted that Hunter and Watters should be given the same sanctions, other than a higher disgorgement order sought against Watters. Staff viewed them as equal partners with equal responsibility. Accordingly, Staff sought the following sanction orders:

- against Hunter:
  - an administrative penalty of \$300,000;

- disgorgement of \$600,000; and
- an array of market-access bans until the later of 20 years and the date when his administrative penalty is paid in full;
- against Watters:
  - an administrative penalty of \$300,000;
  - disgorgement of \$1,013,137.81; and
  - an array of market-access bans until the later of 20 years and the date when his administrative penalty is paid in full; and
- against HW and TradeFX:
  - an array of permanent market-access bans.

## 2. Respondents

[29] Hunter did not suggest specific sanctions in response. He accepted that sanctions were necessary, and asked the panel to consider his lack of financial gain, his current financial situation and other personal circumstances, his limited role in aspects of the misconduct, and his lack of control over the trading business.

[30] Watters focused primarily on his financial (and connected medical) circumstances – his bankruptcy discharge, limited income, lack of savings, and current inability to work. He emphasized the requirement for the panel to consider the principle of proportionality in light of his personal circumstances and noted that any significant monetary sanction would be impossible for him to pay. Watters did not suggest an alternative amount for any monetary sanction, but stated it "must be measured, proportionate, and firmly grounded in [his] individual circumstances, including both the nature of the breach and his personal circumstances, consistent with the principles articulated in [*Walton*]".

[31] Watters accepted that market-access bans were likely to be imposed, and he made no submissions on the types or durations of those bans. However, he asked for what are sometimes described as standard carve-outs for limited trading in registered accounts and for acting as a director or officer of a private, family-held corporation. Hunter asked for the same, and Staff agreed those were reasonable.

[32] Finally, Watters requested that if the expiry of any market-access bans were to be linked to the administrative penalty payment (as sought by Staff), such requirement be modified to include expiry if the amount were to be discharged by process of law – as discharge is not payment, a discharge would effectively convert the bans to permanent bans because they would never be paid. Hunter appeared to ask for the same, and Staff agreed that modification was reasonable.

## D. Consideration of Sanctioning Factors

### 1. Individual and Corporate Respondents

[33] Staff primarily focused their sanctioning factor submissions on the individual Respondents. As noted, HW was not represented at the Sanction Hearing and TradeFX took no position on the sanctions sought by Staff. It was clear from the evidence and the submissions that HW and TradeFX were effectively alter egos of the individual Respondents, and we generally treated them

as such. Accordingly, we directed little of the discussion on sanctioning factors to HW and TradeFX, assuming them to be subject to the same considerations as their guiding minds, Hunter and Watters. As acknowledged in the Statement: "what Hunter and Watters did, knew or reasonably ought to have known, can be ascribed to [HW and] TradeFX".

## **2. Distinction Between Hunter and Watters**

[34] As mentioned, Staff submitted that Hunter and Watters were equal partners and should be treated as such for sanction. However, Staff's contention did not fit the facts and circumstances of this case, nor did it account for our obligation to consider the effect of the total sanctions on each Respondent.

[35] First, they were not equal partners, as discussed below. Second, Staff's suggested sanctions would not treat Hunter and Watters equally because the disgorgement sought against Watters was almost twice that sought against Hunter. That is not equal treatment – sanctions are considered as a whole, including disgorgement, with a higher disgorgement amount likely affecting the appropriate level of other sanctions ordered. Third, Staff suggested \$400,000 would be an appropriate administrative penalty for each, but decreased the amount sought to \$300,000 for each due to their cooperation and financial circumstances. However, the same deduction for each would be inconsistent with Staff's argument that Hunter's financial claims were less supported by the evidence than Watters' and that Hunter sought in his testimony to resile from elements of the Statement. Fourth, Hunter ensured some investors received some money back and testified about his genuine remorse, while Watters did neither. We could not ignore or reject those differences.

[36] Accordingly, we conclude that the basis for Staff's suggested equal market-access bans and administrative penalties for Hunter and Watters is not tenable. Our reasoning and conclusions on the different aspects of that are set out below.

## **3. Seriousness of Respondents' Misconduct**

### **(a) Watters' Testimony**

[37] Most of Watters' testimony focused on his personal and financial circumstances, discussed below. The only statement perhaps relevant to the seriousness of the misconduct was when Hunter asked Watters why he continued to trade for investors after Hunter told him to stop. Watters replied: "I don't have an answer for that. I'm sorry. I -- I can't remember that conversation. I remember it vaguely, but I --". In the context and without more, that statement was not helpful.

### **(b) Hunter's Testimony**

[38] Hunter's main points during his testimony were his remorse for his part in the investors' losses, his lesser involvement in raising money from investors, his insistence that he had little or no control to make Watters do (or not do) anything, and his wish that he had stopped Watters earlier.

[39] Hunter explained that he and Watters met while taking a course in Forex trading. Watters then began trading so successfully that people were coming to them to invest. Therefore, Hunter said that he did not solicit people – they contacted him and Watters to join. Hunter testified that he was not involved with the Hutterite investments, other than "reluctantly" making the receipts for their investments, as a favour to Watters. He neither approached them nor discussed investing with them. According to Hunter, he spoke with Hutterite representatives only later, after there were

problems and they could not contact Watters. He did, however, acknowledge that clients Watters brought in were the company's (HW's) clients. Hunter claimed that he wanted investors to stop investing and wanted Watters to stop trading after communications with lawyers, the ASC, and the BCSC.

[40] Regarding his stated efforts to stop investors from investing more money, Hunter said that he communicated that verbally, but not in any emails. There was no evidence to support his statement that he told that to investors. There was, however, evidence of emails to investors in January, February, and March 2022 asking for more money and referring to the investment of more money. Hunter claimed those were from "a template that was an oversight", and he made a mistake by not removing that wording. He then stated they were not mistakes because the lawyer had not yet told them to stop. As for the March 2022 email example, he said he was not aware that the Respondents were taking on any new clients in March 2022.

[41] We do not believe his explanations about the wording in the January and February 2022 emails because those explanations were contradictory and there was no other evidence supporting either version. We conclude that the Respondents were still soliciting investments at that time, and Hunter knew that. We also reject his evidence about not being aware of new clients in March 2022 and later because that was contradicted by documentary evidence, including the receipts he signed in April 2022 for the Hutterite communities' investments and the list of investors he provided to the ASC which included investments in April 2022 and later.

[42] Hunter also acknowledged that he continued to have clients set up new Tradeview accounts, claiming those were necessary so money could be returned. However, emails in evidence referred to trading and deposits, with withdrawals unavailable. We did not believe Hunter's explanation. Even if we did, that explanation would not have changed the fact that investor money continued to be at risk after the Respondents knew of the need for registration, which increased the need for deterrence.

[43] Hunter testified about his communications with regulators. He stated that Watters had a telephone call with the BCSC, then told Hunter that "it's all fixed" and Hunter did not need to worry. Hunter said he later found out there was more to it, but also received a letter from the BCSC saying the file was closed. During cross-examination, Hunter agreed that he was very concerned when he received a June 6, 2022 communication from the BCSC discussing "Unregistered activity". Staff also pointed Hunter to a June 9, 2022 email sent by Watters to the BCSC. Hunter acknowledged that he read it at the time, knew it was inaccurate and misleading, but did nothing to correct the email or the information it provided. Hunter gave similar evidence about a June 13, 2022 email, in which Watters incorrectly explained the business plan as if there had not yet been any trading. Watters also told the BCSC that investors' money had been returned by June 2022. Hunter admitted that he drafted some portions of the communications to the BCSC.

[44] Hunter testified that, with hindsight, there were things he could have done to correct that information provided to the BCSC, and he wished he had done so. He alternatively tried to explain that corrections were not needed in June 2022 about trading for others because he had insisted by then that Watters stop trading. When asked about trades after that showing in the documentation, such as investor DL's September 30, 2022 Tradeview statement with a "Drawdown" amount, representing "open/active trades", Hunter stated that was "open/active trading from prior. They

never disappear. Like, even when June, when he stopped trading in [HW], there was still a drawdown . . . open trades that he was closing". Hunter said Watters told him that if all the open trades were closed, "essentially, everything would blow up, and there'd be nothing". Hunter testified that he told investors that verbally if they asked – that there was no new trading, just monitoring open positions – but did not put that in emails because he told Watters he was done sending emails.

[45] Hunter also was asked about correspondence with the ASC. Hunter explained during cross-examination that the letter from the ASC said registration might be required, and he passed that letter on to lawyers, but did not hear back from them. Although he said he raised that as a concern with Watters, he then relied on Watters' reassurance "that he had taken training in the licencing at that time", although he had not written the test. When Staff questioned Hunter on that position, he replied "at the time, I didn't know what to do. Like, everything was all muddled."

[46] Staff criticized the Respondents' provision of investor lists to the BCSC and the ASC. Watters sent one list to the BCSC in June 2022, calling it "the list of friends that have approached us". Hunter sent a different list to the ASC in the latter half of 2022. Hunter testified that he thought the ASC investigator wanted a list only of Alberta investors because he thought BC was "done". Therefore, the list he sent, through counsel, did not have BC investors. He said it also did not include the Hutterite communities because they were not in Alberta. Hunter said that some of the people on his list were those he was connected with, such as friends or people from his community.

[47] We are satisfied that much of the Respondents' reaction to the regulators was indeed "muddled", but it was Hunter's and Watters' responsibility to ensure they understood the securities law requirements, took seriously communications from the ASC and the BCSC, and stopped their activities until they knew that they were compliant with all the requirements. Instead, they continued to take investor money and use it for Forex trading. Apart from the list of investors provided in the latter half of 2022 (discussed below), we reject Hunter's explanations and denials relating to the communications with the ASC and the BCSC.

[48] Overall, we find Hunter's testimony largely self-serving and rather optimistic in its portrayal of the steps he claimed to have taken. That said, it was clear, as discussed below, that Hunter was not an equal partner with Watters, now has some understanding of the problems with the Respondents' business, and was genuinely remorseful for his actions, inactions, and investor losses.

**(c) Consideration of Seriousness of Misconduct**  
**(i) Nature, Intention, and Harm**

[49] The panel in *Homerun* outlined the three aspects of this factor (at paras. 22-26):

- the nature of the misconduct;
- a respondent's intention – "whether the misconduct was planned and deliberate, not deliberate but attributable to recklessness, or simply inadvertent"; and
- the harm to which specific investors or the capital market in general were exposed.

[50] We conclude the nature of the misconduct here was serious because the Respondents' breach of s. 75(1)(a) of the Act meant that investors and the capital market were deprived of the protections of the securities regulatory system designed to permit only qualified and suitable people to be registered to trade in securities. An ASC panel discussed this principle, and the seriousness of such misconduct, in *Re Black Box Management Corp.*, 2025 ABASC 113 (at paras. 70-71). We agree with Staff that the seriousness was heightened by the number of investors (over 200 in three provinces), the loss of appropriately \$18 million of investor money, and the Respondents' marketing efforts which were designed to communicate skill and safety. Although we also agree with Watters' submission that this misconduct was not as serious as fraud, it was still serious in nature.

[51] Regarding intention, we conclude that the Respondents probably did not initially intend to breach the Act and may well have been unaware at the beginning that their activities would be subject to securities laws. That ignorance was no excuse and did not negate the serious nature of the misconduct, but would have made their execution of the misconduct less deliberate. That changed, however, when they were informed by the ASC and the BCSC (and apparently their own lawyers) that there were registration requirements in certain situations. The email communications in evidence made clear that Watters knew what was concerning the regulators and responded with false information to try to protect the Respondents and their activities from further scrutiny. We found it significant that Watters seemed to know precisely what to say to allay the BCSC's concerns. That showed not only an awareness of the misconduct but also a reasonably competent understanding at that point of the securities regulatory system. Thereafter, the Respondents should have ensured they complied with securities laws or ceased trading on behalf of others. They did neither, but intentionally continued their trading program. As discussed, we reject Hunter's attempts to distance himself from the communications with the BCSC. He admitted that he knew some of the information provided by Watters was wrong, and even admitted to drafting parts of some emails himself. He therefore bore responsibility for what they both said. Hunter tried to claim that he told Watters to stop trading, which somehow – in Hunter's view – would have made the false statements to the BCSC less concerning. To the contrary, that cements our belief that Hunter (and the other Respondents) knew by then that they were risking securities laws contraventions or already contravening them.

[52] One of the most concerning elements of the Respondents' communications with regulators was the list of 30 investors Watters gave to the BCSC in June 2022 (Hunter was copied on that email), claiming that they were friends and family. He earlier claimed that all money had been returned to them, and that the money he and Hunter traded with was their own money. These claims were incomplete, untrue, and misleading. Although not made directly to the ASC, they showed Watters' careless attitude towards securities regulation and towards the truth. This exacerbated the seriousness of Watters' misconduct and greatly increased the need for deterrence, particularly specific deterrence. This was an important example of Hunter not correcting information he knew to be false and thus also bearing responsibility, both of which increased the need for deterrence.

[53] Staff also addressed the list of investors provided by Hunter to the ASC (in the latter half of 2022 during the ASC's investigation). We were not as concerned with that list as Staff were. As noted, Hunter explained that he thought the ASC wanted a list of Alberta investors brought in by Hunter, and that is what he provided through his counsel at the time. Investigative Staff's request

was made by letter dated July 28, 2022. The opening wording referred to HW "soliciting investments from Albertans", then asked for various types of information. The email attaching the request stated that a telephone discussion might be useful to "discuss exactly what we're looking for". We do not know what specific discussions occurred or what explanation may have accompanied the delivery of the list. Without more, we do not consider this list to be a factor in our assessment of the seriousness of Hunter's misconduct.

[54] There was an element of recklessness in the Respondents' actions, given the amount of money they raised in a short period, with little background or training in Forex trading. That recklessness was compounded by their decision to engage in at least some of the trading at a leverage ratio of 1:400, which increased significantly the risk of the trades. We do not rely on Staff's submission that the 1:400 ratio "far exceeded the leverage a registrant would have been permitted to use at the relevant time" because the document on which Staff relied for that was internally prepared and not in evidence.

[55] Investors were not only exposed to the risk of significant harm, but also suffered significant harm. Investments of approximately \$18 million were lost through the Respondents' misconduct. Moreover, the capital market as a whole is negatively affected by this type of misconduct, as the efficiency of the market and confidence in it both suffer when registration requirements and associated protections are ignored or abused. The Respondents either failed to appreciate the seriousness of the risk to investors or did not care. Either way, they showed themselves to be a grave danger to investors and the capital market at the time and in the future. Significant sanction orders are therefore needed for specific and general deterrence, with less needed for Hunter than Watters, as discussed elsewhere.

#### **(ii) Roles Played by Hunter and Watters**

[56] Hunter's and Watters' respective roles were also relevant in assessing the seriousness of their misconduct. That is not always the case at this stage of an enforcement proceeding, as the relative roles and contributions of different respondents are typically addressed during the merits portion of a hearing. Here, however, the evidence for the Merits Hearing was the Statement, supplemented by some documents. We received additional evidence about their roles during the Sanction Hearing.

[57] Staff pointed to wording in the Statement and other evidence referring to Hunter and Watters as partners or "equal partners", and argued that Hunter's testimony during the Sanction Hearing was an attempt to reframe and downplay his role in the hope of lesser sanctions. In particular, Staff referred to Hunter's testimony about wanting to stop future investments, wanting Watters to stop trading, Hunter's communications with the BCSC, and Hunter's actions after receiving the July 2022 Caution Letter from the BCSC.

[58] Based on all the evidence, we do not find that Hunter bore the same overall responsibility for the seriousness of the misconduct as Watters. Although Hunter and Watters were equally to blame for engaging in misconduct and for their intentions, we conclude they were equal partners in name only. Given the weight of the evidence to the contrary, we could not rely on the single phrase "equal partners" in the Statement as determinative of this issue. Watters was clearly dominant in the actual trading as well as in the amount of money raised from investors. Of the approximately \$20 million raised, \$14 million of that was raised directly by Watters from the

Hutterite communities, meaning that Hunter could not have raised more than \$6 million directly, and seemingly raised considerably less. We conclude that Hunter bore less responsibility for the Hutterite communities' investments. Although Hunter was involved after-the-fact with issuing receipts (as requested by Watters) and some communication, without Hunter's actions that money would still have been raised; without Watters' actions, it would not have been. Hunter and Watters were each still responsible for the full \$20 million raised, but Hunter bore less primary responsibility for the majority of that money. He was, of course, also responsible for his part in communications with investors, including when the Respondents were seeking additional money.

[59] We also note that the commission amount Hunter received was only about 60% of the amount Watters received. This significant difference in the amounts they received supported the other evidence that Hunter had a lesser role in the Forex trading scheme than Watters.

**(iii) Determination on Seriousness of Misconduct.**

[60] We conclude this was serious misconduct by all of the Respondents, given its nature, the level of intention, and the harm caused to investors and the capital market.

[61] We find that Watters bore more responsibility for the amount raised, and the actual harm suffered by investors and the capital market. That finding does not diminish Hunter's responsibility for the role he played, but he simply was less involved. Moreover, Hunter did not engage in the actual trading and appeared not to be willing to do so or confident in his ability. In our view, Hunter is consequently less of a risk in the future because he is less likely to engage in such trading on his own. We feel no such reassurance about Watters, given his misplaced confidence in his skills as a Forex trader.

[62] Accordingly, when determining the appropriate sanction orders for each individual, we consider Hunter's less extensive involvement and lack of actual trading to indicate that he poses less future risk than Watters to investors and the capital market.

**4. Respondents' Characteristics and History**

**(a) Overview**

[63] As stated by the panel in *Homerun* (at paras. 27-34), a respondent's characteristics and history may indicate the future risk posed and, thus, the required level of deterrence. They may also affect the consideration of proportionality.

[64] General characteristics which may be relevant "include education, work experience, registration or other participation in the capital market, any disciplinary history and (with particular reference to proportionality) claimed impecuniosity" (*Homerun* at para. 28). Here, the most significant factors were Hunter's and Watters' lack of relevant education, work experience, and capital-market history. It was also important to assess Hunter's and Watters' claimed impecuniosity.

**(b) Watters' Testimony**

[65] Watters testified that he suffered an injury from a fall on November 11, 2022, during the Relevant Period (we were told there was a pending lawsuit, but not its status). He stated that he was consequently unable to hold a job, despite having tried to work. He also said his ability to

perform basic household tasks was significantly limited. He noted that he was under the care of medical professionals and waiting for an appointment with a specialist.

[66] Watters testified that his monthly income of approximately \$4,000 was from Canada pension disability payments, child benefit payments, and rental assistance payments. Watters' 2024 tax return was in evidence, and confirmed, in general, the source and minimal amount of his income. He also testified that his painting business collapsed and he filed for bankruptcy after his injury. He was discharged from bankruptcy in 2023 or 2024. At the time of his testimony, he had no savings, no investments, and no vehicle.

[67] Staff pointed out that Watters continued to trade through Tradeview and communicate with investors after his injury. Although Watters agreed that those activities involved being on a computer, being responsive, and conducting research, he stated these were difficult to do after the injury. He made a similar statement about being interviewed during Staff's investigation.

### **(c) Hunter's Testimony**

[68] Hunter mentioned personal consequences he had suffered, as well as limited information about financial consequences and his current financial situation.

[69] He returned money to many people, as noted on the list he provided to the ASC. When Staff asked the source of the repayment amounts, his explanation was difficult to comprehend. However, we were able to conclude from his testimony and the other evidence that the money came from one of Watters' bank accounts, into which investor money had been transferred. It therefore appeared to be effectively the return of investment money, not Hunter's (or Watters') own funds.

[70] As noted, Hunter continued to encourage additional investments after learning of the registration requirements. He also participated in aspects of the untruthful communications with the ASC and the BCSC. Hunter stated several times that he asked Watters, in June 2022, not to trade for anyone other than the two of them. He said that he had "hinted" at it earlier, but at that time "I put my foot down strong" not to trade for anyone else. During cross-examination, he testified that every time he said "no" to Watters, "he did it anyways". We accept Hunter's testimony that he became uncomfortable with the Forex trading, but we conclude that he took no effective steps to stop Watters from trading, either by telling Watters to stop or reporting the trading to any regulators.

[71] Hunter testified that Watters assured him the money was safe. According to Hunter, Watters agreed at some point to stop trading, and "was waiting for the stop loss to correct or the drawdown to correct so then he could safely get money back to the people, and he kept on mentioning this". Hunter stated that his own main goal was to set up Tradeview accounts so investors could get their money back, but there was some issue with doing that. Given all of the evidence, we did not put any weight on these claims by Hunter.

[72] Regarding the \$600,000 commission money in the Hunter Trading Account, Hunter said Watters told him about it in September 2022. Hunter continued in his testimony:

...

I said, Kyle, we owe people money. Why are you taking commission? No, I don't feel comfortable. Don't put this in my account.

Well, he did, and he said, You can raise that and help pay people back.

Well, that [\$]600,000 went up a little bit to almost [\$]900,000 within a short period of time and then disappeared to zero, so it wasn't a tangible asset that I ever received. I didn't receive one penny from all this.

...

[73] During cross-examination, Hunter initially acknowledged that he could have withdrawn the \$600,000 at any time and paid investors back, but then said he could not because he "was too scared" and was trying to find out how to pay it back. We do not accept those excuses.

[74] Hunter testified that this "was a horror show", it affected his health, and he now has "no future" because of it. In summary, he said that he relied on Watters and trusted him. We accept Hunter's testimony that this affected him and his future and that he had trusted Watters.

**(d) Consideration of Characteristics and History**

[75] As mentioned, a respondent's characteristics and history may be relevant to the future risk that respondent poses (thus the deterrence required) and the proportionality considerations for the sanction orders being considered.

[76] Hunter and Watters had no relevant capital-market background. Their Forex training was clearly not an appropriate or comprehensive capital-market education, but we do not know if it included cautions about registration or other aspects of securities regulation. A lack of background or education could indicate that a respondent had little understanding of the complexities of the highly regulated financial sector (*Homerun* at paras. 28-29). Such initial lack of knowledge can moderate the need for more significant sanction because the future risk is lessened if the requirements and complexities are now understood. That is not the case here. Regardless of how little knowledge they may have had at the outset, Hunter and Watters knew about securities regulation – specifically the registration requirement – after communicating with the ASC and the BCSC and were definitely on notice that they needed to stop or postpone their activities until they learned what they needed to do for securities regulatory compliance. There can be no moderation of sanction on this basis (and we already accounted for this factor when considering the seriousness of the misconduct).

[77] Hunter and Watters also had no disciplinary history. In some circumstances, a disciplinary history may indicate a need for greater deterrence, but the lack of such history does not generally mean less deterrence is necessary. That is the situation here as well. However, we note that the Interim Order had been in place for almost three years by the time of the Sanction Hearing and there was no evidence that the Respondents had breached that order. That indicates an understanding of the gravity of the Interim Order and the need to comply with it, thus slightly moderating the necessary level of specific deterrence,

[78] Regarding financial circumstances, Staff submitted that the evidence of current and future impecuniosity for Hunter and Watters was somewhat weak, particularly for Hunter. As a result, Staff emphasized that impecuniosity was only one factor and should be outweighed for both by the seriousness of the misconduct. We agree that evidence showing impecuniosity has to be balanced with other sanctioning considerations, although we do not agree with all aspects of Staff's proposed approach, as discussed below.

[79] Hunter submitted that his financial situation was difficult, including significant debt, at least in part due to the trading losses and to borrowing money to try to help recover the losses. He asked the panel to consider his limited ability to pay when assessing any monetary sanctions. Staff stated that Hunter had not presented evidence of an inability to pay, but also noted "that, subsequent to [Hunter's testimony], they received a Notice of Consumer Proposal made by Hunter on February 6, 2026". During his oral submissions, Hunter mentioned that proposal had been deferred pending the outcome of the Sanction Hearing. The majority of statements Hunter made about his financial circumstances were made during submissions rather than testimony. However, those statements were consistent with his testimony about borrowing money and his finances in general. The evidence was also clear that he took only a small amount from the \$600,000 in commissions in the Hunter Tradeview Account.

[80] Hunter is in his early 60s. Although the evidence did not indicate his current employment, it is reasonable to conclude he still has the same car dealership position as before because Staff mentioned it in their written submissions, and Hunter did not contradict it. Hunter's age means that he has fewer remaining years of working life (compared to Watters) to earn future income to pay monetary sanctions and to be at risk of attempting to return to work in the capital market. Overall, there was no extensive evidence about Hunter's current financial situation, but what evidence there was supported his submissions that he had at least some financial challenges. We thus accord some weight to his financial circumstances when assessing the proportionality of the sanctions appropriate for him. We also take his age into account.

[81] Staff characterized the medical evidence from Watters as minimal, specifically regarding the severity and expected duration of his claimed inability to work. Staff contended that the evidence showed him engaging in tasks (trading until February 2023, responding to emails from investors, and sitting through his investigative interview) which suggested he could be employed right now. Staff urged us to focus on the lack of medical evidence and Watters' age (early 40s), and to conclude that Watters has many potential earning years in his future and might attempt to engage in future misconduct. As noted, we are satisfied that the evidence supported his claim before us of disability, although it did not assist in establishing how long his disability would last.

[82] We conclude there is sufficient evidence of Watters' current impecuniosity and inability to work to affect our assessment of the proportionality of the sanction orders to be made against him. The longer he is unable to work, the greater impact a large administrative penalty would have on his future. His uncertain status also affects our assessment of the appropriate length of market-access bans, depending in part on when he might be expected to work again and potentially be tempted to engage in misconduct again. Given his age and his past willingness to engage in highly risky trades, we consider there remains a considerable risk that if he were able to work in the future, he might try – unless banned – to engage again in capital-market activity. That warrants significant sanctions to prevent such activity for a lengthy period.

## 5. Benefits Sought or Obtained

[83] Hunter and Watters clearly intended to benefit from their misconduct by earning commissions on the trades made for investors. We found in the Merits Decision that there was insufficient evidence about commissions charged or paid under the Initial System. Under the New System, approximately \$1.77 million in commissions was paid into the TradeFX Account from client accounts on September 13, October 4, and November 2, 2022. Of that money, we found Staff proved that Hunter received \$600,000 in commissions and Watters received \$1,013,137.81.

[84] Hunter and Watters claimed they did not actually benefit from those amounts because they were lost through trading. We found in the Merits Decision that, during the Relevant Period, Hunter withdrew \$1,050.00 from the Hunter Trading Account, and Watters withdrew \$523,431.20 from the Watters Trading Account. We also concluded that the balance in both accounts was apparently lost through trading. The actual use of that money might be relevant in cases of fraud (which was not alleged against these Respondents). Here, however, the key point is that Hunter and Watters both intended to benefit from considerable commissions and actually received that money in their respective trading accounts. The fact that they lost most of the money through poor trading decisions did not detract from the significance of that benefit sought and obtained.

[85] This factor favours the imposition of substantial sanctions, more so for Watters than Hunter because Watters received more money (which also showed a recognition by the Respondents of the individuals' respective roles in their partnership, as discussed elsewhere in this decision).

## 6. Mitigating or Aggravating Considerations

[86] Staff noted that Hunter and Watters cooperated with this proceeding by signing the Statement. To an extent, such cooperation can be or can reinforce a mitigating consideration, as when it is accompanied by an acknowledgement of responsibility. That could indicate an understanding of the misconduct and a corresponding decrease in the specific deterrence required. Generally, however, cooperation is more relevant to cost-recovery orders, as discussed below (see, e.g., *Homerun* at para. 44).

[87] In submissions on whether Hunter and Watters acted so as to make cooperation a mitigating factor, Staff credited Watters for not contradicting the Statement (although noting that he did not appreciate the seriousness of his misconduct, express regret, or make attempts at amends). In contrast, they argued Hunter's testimony should be considered as an aggravating factor because it downplayed his role when compared to the admissions he made in the Statement, thus demonstrating a "lack of acceptance of responsibility for his key, partnering role: the 'H' in 'HW', who contributed equally with Watters in exposing investors to risk and harm".

[88] In our view, Staff did not accurately portray the effects of the potentially mitigating cooperation. As noted, cooperation with Staff is not generally a mitigating factor – there must be something more. Here, we believe Hunter's testimony that he was remorseful and regretful for his part in the scheme and investors' losses (despite the aspects of his testimony we do not accept, as set out elsewhere). His remorse and regret were supported by his concrete action of ensuring at least some investors were repaid some money and his testimony acknowledging that his misconduct warranted significant sanctions. Staff contended that the repayments were not mitigating because the money went to only a subset of investors – Hunter's friends or those

connected to his friends. We reject Staff's argument on that point. Those were investors Hunter brought into the investment. It was natural that he felt more responsible for those investors and paid them back first. As noted, Hunter raised far less money than Watters (which we took into account when assessing the seriousness of the misconduct) and paid back a significant amount. The fact that Hunter could have helped more people or paid more money, including with the \$600,000 deposited into the Hunter Trading Account, did not negate what he did do. All of this has an attenuating effect on the level of deterrence required when considering the appropriate sanctions for him.

[89] On the other hand, Watters made no statements of remorse or regret, nor did he initiate payment to any investors (signing cheques insisted on by Hunter did not count). He accepted there must be sanctions, but only through counsel, not through his testimony. None of that ameliorated the otherwise-warranted level of deterrence for Watters.

[90] In the result, we consider the Statement and other cooperation with Staff to be somewhat of a mitigating factor – beyond merely a cost-recovery consideration – for Hunter, but not for Watters.

[91] In Staff's view, additional aggravating factors were Hunter's and Watters' failures to cooperate with the BCSC during the time leading up to the Caution Letter and to stop their activities after receiving that warning. However, we do not consider these as aggravating factors because we already account for them in our discussion of the seriousness of the misconduct. Similarly, we address in that discussion Hunter's exaggerations (such as claiming he firmly insisted that Watters stop trading).

#### **E. Consideration of Outcomes of Other Proceedings**

[92] Staff referred us to one decision of an ASC panel and three from panels of the Ontario Capital Markets Tribunal (OCMT, formerly the Ontario Securities Commission (OSC)). The Respondents did not raise any previous decisions. Two of the cases were somewhat helpful, but we discuss them all briefly. The market-access bans in these cases ranged from five to 15 years for the individuals (and up to permanent for the companies). Administrative penalties were in the range of \$40,000 to \$250,000. Disgorgement was ordered in some of these cases, although disgorgement is largely linked to the amount raised (and connected to the deterrent effect of the sanction orders as a whole).

[93] *Re VRK Forex & Investments Inc.*, 2022 ONCMT 28 was a decision by an OCMT panel for illegal trading and illegal advising in CFDs. The total investments were approximately \$3.8 million from at least 19 investors, with about \$1.9 million of that lost. The respondents were Radhakrishna Namburi and VRK Forex. Namburi was the sole director of VRK Forex, which he described as his own business, and had significant previous capital market experience. The respondents received approximately \$430,000 in commissions and rebates. The panel rejected their argument that they did not benefit financially because they lost the full amount through trading. The panel noted that the misconduct was made more serious by misleading promotional tactics, and also concluded that the respondents were aware of the registration requirements under securities laws before they began the trading at issue. The panel accepted the respondents' expression of remorse, bolstered by their agreement to broad sanctions, although significantly tempered by their continued attempts to blame the regulator for not advising them of the

registration requirements. The parties agreed to an array of market-access bans (with certain exemptions) for the later of 10 years and when their administrative penalties were paid in full, and the panel accepted those bans as being within a reasonable range. Staff submitted a \$300,000 administrative penalty and disgorgement of just over \$430,000 (payable jointly and severally) would be appropriate, but the respondents claimed impecuniosity. The panel concluded there was insufficient evidence to make a finding of impecuniosity. Based on all relevant considerations, the panel ordered an administrative penalty of \$250,000 and disgorgement as sought by Staff, payable jointly and severally.

[94] In contrast to the single provision breached in the present case (unregistered dealing), there were two separate breaches (unregistered trading and unregistered advising) in *VRK*. The respondents in *VRK* raised and lost less money (\$3.8 million raised and \$1.9 million lost). There were some similarities in the factors affecting the seriousness of the misconduct and the need for deterrence. This decision was somewhat useful as indicating that market-access bans of 10 years would be too low as a starting point in the present case. Given our conclusions about Hunter's role, characteristics, and mitigating considerations, *VRK* also indicated that \$250,000 would be too high as a starting point for an administrative penalty against him (but not too high as a starting point for Watters).

[95] In *Re Edwards*, 2024 ABASC 9, an ASC panel was given a statement of admissions and a joint submission on sanction, agreed to by all parties. Edwards was the sole shareholder and director of KB Crypto Inc., as well as its guiding mind. Both respondents admitted to illegally distributing securities and acting as unregistered dealers. They raised approximately US\$450,000 from 75 investors (including at least four Alberta investors), with approximately US\$310,000 of that lost. Although Edwards and KB Crypto benefited, including from commissions, their records were so poor that the amount of the benefit could not be determined. As in the present case, Edwards communicated with the ASC. He was told registration was required, but did not register. Edwards and KB Crypto kept operating until they received a summons from Staff. Edwards was impecunious, and that was taken into account by the parties in proposing their joint submissions on sanction. The panel accepted those proposed sanctions as being within a reasonable range and ordered a \$40,000 administrative penalty against Edwards plus various market-access bans (with certain exceptions) for the later of five years and when his administrative penalty was paid in full. The panel also ordered permanent market-access bans against the company.

[96] The *Edwards* decision was not relevant. It involved an illegal distribution in addition to unregistered dealing – there were two separate categories of misconduct, although much less money was at issue. There was also a joint submission on sanction, which generally means a lower need for deterrence, and the factors considered by the parties in reaching the agreement are not always known to a panel. Therefore, the five-year market-access bans and \$40,000 administrative penalty were not useful even as a lower-end of the appropriate range in the present case.

[97] *Re MP Global Financial Ltd.* (2012), 35 O.S.C.B. 9061 involved findings of illegal trading and illegal distribution after a contested hearing on the merits. Ontario staff sought permanent market-access bans against the company and its controlling mind, Joe Feng Deng, as well as an administrative penalty against each in the range of \$500,000 to \$750,000 and a joint-and-several disgorgement order of approximately \$7.9 million (the amounts invested less the amounts paid to investors). The respondents sold over \$21 million of debentures, with \$8.2 million deposited to

trading accounts and \$7.75 million of that lost through trading. The respondents argued that permanent market-access bans would be unfair, and that no monetary penalties were appropriate. They asked for bans of between three and five years, depending on the type of ban. The panel noted that registration and the registration requirements would have allowed investors to learn information such as the actual trading losses, the high interest obligations, and the amount of outstanding debentures. Deng was also a former registrant, yet deliberately chose to ignore the registration requirements. The respondents claimed impecuniosity, but the panel found there was insufficient evidence. Despite characterizing the misconduct as very serious, the panel concluded that the sanctions sought by Ontario staff would be too onerous because there was no fraud or abusive trading. The panel ordered market-access bans of 15 years (with some exceptions), a \$250,000 administrative penalty against each respondent, and disgorgement of approximately \$2.2 million (the amount used for personal benefit, as ordering 100% disgorgement here would have verged on punitive).

[98] Overall, more money was lost here than in *M P Global*, but there were contraventions of two sections of securities legislation in that case. The panel there specifically stated that OSC staff's suggested administrative penalties were too high because fraud and abusive trading were not at issue. There was apparently no recognition of seriousness by the respondents there, in contrast to some here by Hunter (by agreeing to the Statement, paying back some money, acknowledging that significant sanctions were appropriate, and testifying as to his remorse) and by Watters (agreeing to the Statement and acknowledging, through counsel, that significant sanctions were appropriate).

[99] Based on the similarities, the 15-year market-access bans and \$250,000 administrative penalties in *M P Global* would have been within a reasonable range for the misconduct in the present case, apart from the larger amount lost here and the evidence of impecuniosity.

[100] In *Re Simba* (2018), 41 O.S.C.B. 9583, an OSC panel imposed sanctions based on findings of unregistered trading and advising. The misconduct related to trades in a single investor's account for a loss of approximately \$56,000, with Simba paying \$5,000 to the investor before the hearing. At the time of the misconduct, Simba was prohibited from engaging in certain securities-related activities due to previous misconduct. Ontario staff sought certain market-access bans for 10 years, as well as a ban on acting as a registrant, investment fund manager, or promotor for 15 years. They also asked for a \$100,000 administrative penalty (with the expiry of the bans also subject to payment of that amount). The panel made all those orders, characterized the misconduct as very serious because it involved a retired senior, and emphasized Simba's capital-market experience and previous sanctions.

[101] Because of the different facts and circumstances, *Simba* was not helpful in determining proportionality here.

## **F. Conclusion on Principles and Factors**

[102] The Respondents' misconduct was very serious due to its nature and extent, the Respondents' knowledge of the registration requirements before the majority of the money was raised, and the harm caused to specific investors and the capital market. The Respondents' characteristics and history are fairly neutral factors, other than the evidence of impecuniosity which favours lower administrative penalties than would otherwise be warranted and our concerns

that Watters is more likely to be tempted to repeat his misconduct if his health concerns resolve. Both individuals benefited from receiving large commissions, with Watters receiving more. Hunter's surrounding conduct is somewhat mitigating, but that is not the case for Watters. There are no aggravating factors, as all such proposed factors are accounted for in our consideration of other sanctioning factors.

[103] We are satisfied that Hunter had less of a role in the misconduct than Watters. Hunter also expressed remorse and paid back some investors. These factors mean that less specific deterrence is needed in respect of Hunter. However, Watters' evidence of financial difficulties was more extensive than Hunter's, which we recognize in assessing proportionality.

[104] Overall, we conclude that the sanctions for Hunter and Watters (and, through them, for the corporate Respondents) must reflect the need for considerable specific and general deterrence, although less deterrence is required for Hunter.

## **G. Determination on Appropriate Sanction**

### **1. Types of Sanction Sought**

[105] We are satisfied that market-access bans are necessary for each of the Respondents. Monetary sanctions against Hunter and Watters are also necessary to ensure the appropriate levels of specific and general deterrence.

[106] The types of market-access bans Staff sought were not disputed by any of the Respondents. Staff submitted that all Respondents should be subject to a ban on:

- trading or purchasing any securities or derivatives;
- using exemptions contained in Alberta securities laws;
- engaging in investor relations activities;
- advising in securities or derivatives;
- becoming or acting as a registrant, investment fund manager, or promoter; and
- acting in a management or consultative capacity in connection with activities in the securities market.

[107] Staff stated that Hunter and Watters should also be subject to a ban on remaining, becoming, or acting as a director or officer (or both) of certain entities.

[108] We conclude that all of those types of market-access bans are appropriate here to ensure investor protection and deter these Respondents – and others who may be tempted to emulate their misconduct – from harming investors and our capital market in the future. We discuss below the duration of those bans for each Respondent.

[109] As noted, Staff also sought administrative penalties and disgorgement against each of Hunter and Watters. Given the levels of specific and general deterrence required, both types of monetary sanction are necessary here in the public interest.

[110] We now turn to the specific sanction orders appropriate for each Respondent, based on the factors discussed earlier in this decision. As noted, Staff argued that Hunter and Watters should receive the same duration of market-access bans and the same administrative penalty, but different disgorgement orders. We disagree regarding the bans and administrative penalties, based on our conclusion that Hunter had a lesser role and also presents less of a future risk.

## **2. Hunter**

[111] Dealing with disgorgement first, Staff sought \$600,000, being the amount of commissions deposited into the Hunter Trading Account. The Respondents obtained more than that from investors, but Staff chose to proceed only against the established amount of commissions received by Hunter. As noted, it is irrelevant that Hunter did not withdraw the majority of that money and that it was lost through trading. His current financial circumstances are not relevant for disgorgement, as also discussed above. We conclude that Hunter should disgorge \$600,000.

[112] In light of Hunter's circumstances and considering the outcomes in other proceedings, we conclude that market-access bans in the range of 14 to 16 years and an administrative penalty of \$200,000 would be appropriate, in conjunction with the disgorgement amount mentioned. However, we accept that Hunter has some financial difficulties, although there was not extensive evidence. That affects the amount of administrative penalty we can order on grounds of general deterrence, so as to avoid a crushing or unfit result. To maintain balance in the overall sanction orders, a decreased administrative penalty on proportionality grounds necessitates market-access bans at the high end of the range.

[113] Therefore, we conclude that, in addition to disgorgement as noted, Hunter must be removed from various aspects of our capital market for 16 years (with the exceptions agreed to by Staff and Hunter) and assessed an administrative penalty of \$125,000.

## **3. Watters**

[114] Dealing with disgorgement first, Staff sought \$1,013,137.81, being the amount of commissions deposited into the Watters Trading Account. The Respondents obtained more than that from investors, but Staff chose to proceed only against the established amount of commissions received by Watters. As noted, it is irrelevant that Watters did not withdraw all of that money and that it was lost through trading. His current financial circumstances are not relevant for disgorgement, as also discussed above. We conclude that Watters should disgorge \$1,013,137.81.

[115] In light of Watters' circumstances and the outcomes in other proceedings, we conclude that market-access bans of up to 20 years and an administrative penalty of \$300,000 would be appropriate, in conjunction with the disgorgement amount mentioned. However, we accept that Watters has considerable financial difficulties, with uncertainty regarding his future earning capacity (although he is also much younger than Hunter). Watters' financial situation significantly affects the amount of administrative penalty we can order on grounds of general deterrence, so as to avoid a crushing or unfit result. However, specific deterrence remained crucial here. To maintain

balance in the overall sanction orders, a decreased administrative penalty on proportionality grounds necessitates market-access bans at the upper limit.

[116] Therefore, we conclude that, in addition to disgorgement as noted, Watters must be removed from various aspects of our capital market for 20 years (with the exceptions agreed to by Staff and Watters) and assessed an administrative penalty of \$150,000.

#### 4. HW and TradeFX

[117] Staff sought an array of permanent market-access bans against HW and TradeFX. The former did not appear during the Sanction Hearing and the latter took no position. We conclude that the types of market-access bans sought are appropriate here.

[118] We are satisfied that HW and TradeFX should never again be in a position to handle investor funds. These companies were used by the individual Respondents for unregistered dealing. That contravened the Act and caused immense harm to many investors. Staff also did not seek any monetary sanctions against HW and TradeFX, which make permanent bans even more necessary to ensure the appropriate level of deterrence.

### IV. ANALYSIS: COST RECOVERY

#### A. The Law

[119] Under s. 202(1) of the Act, an ASC panel may issue a cost-recovery order after a respondent has been found to have contravened Alberta securities laws. These orders have a different purpose than sanctions, as cost-recovery orders are intended to recover some or all of the costs of an investigation and hearing from the wrongdoer, so that fees from law-abiding market participants are not used indirectly for those proceedings (see *Re Marcotte*, 2011 ABASC 287 at para. 20). Categories of recoverable costs are set out in the *Alberta Securities Commission Rules (General)* (the **Rules**), s. 20.

[120] Following amendments on October 31, 2024, s. 20(a) of the Rules sets out tariff rates for Staff time (formerly, hourly rates were applied). This has been discussed in previous decisions, including *Re Lackan*, 2024 ABASC 186 (at paras. 88-92), *Re Floreani*, 2025 ABASC 129 (at paras. 130-135), and *Re Cawaling*, 2025 ABASC 96 (at paras. 166-169). Principles from those decisions potentially relevant here include:

- costs remain in the panel's discretion;
- disbursements are not covered by the tariff;
- tariff costs recoverable for a full or partial hearing day reflect other costs, including investigations, reviewing and preparing documents for disclosure, preparing for hearing days, and preparing submissions; and
- a reduction in otherwise-appropriate costs may be appropriate to reflect cooperation and efficiency.

[121] Staff also sought costs from all four Respondents on a joint-and-several basis, meaning each Respondent would be individually and collectively responsible for paying the entire amount.

Such cost-recovery orders have been made in previous ASC panel decisions, typically cases in which an individual respondent has acted through an alter-ego corporation (for example, *Ghani* and *Floreani*).

## **B. Parties' Positions on Cost Recovery**

### **1. Staff**

[122] Staff sought cost recovery of \$30,611.62, jointly and severally from the four Respondents (\$13,500 in fees under the tariff and \$17,111.62 in disbursements). When asked to explain why they were asking for cost recovery against HW and TradeFX, but not asking for monetary sanctions against the companies, Staff submitted that all four Respondents were "involved in the misconduct and responsible for it". Staff called it "a practical consideration" not to seek an administrative penalty and disgorgement against the companies because they were no longer operating. That did not assist in distinguishing Staff's position on a cost-recovery order against them.

[123] Staff contended that the Respondents' cooperation should not be a factor for a cost-recovery order because Staff's suggested administrative penalty already incorporated consideration of cooperation. As mentioned, sanctions and cost recovery are based on different principles, and we reject Staff's position on this, as discussed in the analysis below.

### **2. Respondents**

[124] None of the Respondents made submissions on cost recovery.

## **C. Consideration of Cost Recovery**

### **1. Amount of Cost Recovery**

[125] Staff's Bill of Costs was reasonable, and we accept it as the basis for a cost-recovery order here, with one exception – we find that a small additional deduction for cooperation is warranted.

[126] As discussed earlier regarding the law on sanction and the application of the sanctioning factors, cooperation is typically and primarily a consideration for cost recovery, not for sanction. Here, we did take cooperation into account as a mitigating factor for Hunter, though not for Watters as he did nothing additional to attract such credit. The fact that we considered cooperation as a mitigating factor for Hunter's sanction does not make it irrelevant for cost recovery for him or any other Respondent.

[127] The Respondents cooperated during this proceeding in two significant ways. First, they consented to the initial and extended Interim Order. Their consent to the extension, in particular, saved significant time and resources. Second, they entered into the Statement and agreed to the admission of proposed exhibits, which increased efficiency, eliminated the need for witness testimony, and saved time and resources which would have been used for hearing dates.

[128] For the Interim Order, Staff asked for the uncontested application tariff rate of \$500 for each of the initial and extended Interim Order applications, as well as \$1,005.50 for the transcript disbursement for the initial Interim Order hearing. We are satisfied that the tariff and transcript fees were appropriate for the initial Interim Order. As for the extension, the Respondents had consented (or not objected) in advance. The extension process was conducted via a written application and hearing, with no new materials and no new submissions. In the circumstances, we conclude it is appropriate to deduct the tariff fee of \$500 for the extension application.

[129] For the Sanction Hearing, Staff asked for the tariff rate for the two Sanction Hearing half-days (\$4,000 each or \$8,000 total). However, they did not ask for recovery of the transcript costs for those two hearing dates, which would likely have been at least \$1,500 total. We are satisfied that forgoing a request for the transcript costs represented an appropriate credit for the Respondents' cooperation during the hearing process, and no further deduction is warranted.

[130] We conclude that cost recovery in the amount of \$30,111.62 is appropriate.

## 2. Apportionment of Cost Recovery

[131] We decline to make a cost-recovery order against HW and TradeFX. Staff noted they are no longer in business, so that a monetary sanction would be impractical. That logic also applies to a cost-recovery order.

[132] We conclude it is appropriate to make a cost-recovery order against Hunter and Watters. Although we found that they were not equal partners for the purpose of sanction, the purpose of cost recovery is different. The same allegations were made against both, the hearing time was comparable for both (we had no information about the division of the investigation time), and their positions took a comparable amount of hearing time to address.

[133] However, it is not appropriate to make a joint-and-several cost-recovery order against Hunter and Watters. They had comparable positions, but not identical ones. They were not represented by the same counsel. Hunter made some arguments based on criticizing Watters' actions. This was not a situation in which one respondent was an alter-ego or proxy for another.

## D. Determination on Cost Recovery

[134] Based on the above, we determined that each of Hunter and Watters should be responsible for half of the recoverable costs of \$30,111.62. Therefore, we ordered cost recovery of \$15,055.81 against each of them.

## V. CONCLUSION

[135] For the reasons given, we make the following orders against Hunter:

- under s. 198(1)(d) of the Act, he must immediately resign all positions he holds as a director or officer (or both) of any issuer;
- for a period of 16 years from the date of this decision or until the administrative penalty set out below is paid or discharged by process of law, whichever is later:
  - under s. 198(1)(b), he must cease trading in or purchasing any security or derivative, except that this order does not preclude him from trading in or purchasing securities or derivatives through a registrant (who has first been given a copy of this decision and the Statement) in registered retirement savings plans (**RRSPs**), registered retirement income funds (**RRIFs**), registered education savings plans (**RESPs**), and tax-free savings accounts (**TFSAs**) (each as defined in the *Income Tax Act* (Canada)), and locked-in

retirement accounts (**LIRAs**), each for the benefit of one or more of Hunter, his spouse, and his dependent children;

- under s. 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to him;
- under s. 198(1)(c.1), he is prohibited from engaging in investor relations activities;
- under s. 198(1)(e), he is prohibited from becoming or acting as a director or officer (or both) of any issuer (or other person or company that is authorized to issue securities), registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization, designated information processor, recognized quotation and trade reporting system, or designated benchmark administrator, except that this order does not preclude him from becoming or acting as a director or officer (or both) of an issuer that is wholly owned by himself, his spouse, his parents, his siblings, or his children, and which does not issue or propose to issue securities to the public;
- under s. 198(1)(e.1), he is prohibited from advising in securities or derivatives;
- under s. 198(1)(e.2), he is prohibited from becoming or acting as a registrant, investment fund manager, or promoter; and
- under s. 198(1)(e.3), he is prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
- under s. 198(1)(i), he must pay to the ASC \$600,000 obtained as a result of his non-compliance with Alberta securities laws;
- under s. 199, he must pay to the ASC an administrative penalty of \$125,000; and
- under s. 202, he must pay costs to the ASC in the amount of \$15,055.81.

[136] For the reasons given, we make the following orders against Watters:

- under s. 198(1)(d) of the Act, he must immediately resign all positions he holds as a director or officer (or both) of any issuer;
- for a period of 20 years from the date of this decision or until the administrative penalty set out below is paid or discharged by process of law, whichever is later:

- under s. 198(1)(b), he must cease trading in or purchasing any security or derivative, except that this order does not preclude him from trading in or purchasing securities or derivatives through a registrant (who has first been given a copy of this decision and the Statement) in RRSPs, RRIFs, RESPs, TFSAs, and LIRAs, each for the benefit of one or more of Watters, his spouse, and his dependent children;
- under s. 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to him;
- under s. 198(1)(c.1), he is prohibited from engaging in investor relations activities;
- under s. 198(1)(e), he is prohibited from becoming or acting as a director or officer (or both) of any issuer (or other person or company that is authorized to issue securities), registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization, designated information processor, recognized quotation and trade reporting system, or designated benchmark administrator, except that this order does not preclude him from becoming or acting as a director or officer (or both) of an issuer that is wholly owned by himself, his spouse, his parents, his siblings, or his children, and which does not issue or propose to issue securities to the public;
- under s. 198(1)(e.1), he is prohibited from advising in securities or derivatives;
- under s. 198(1)(e.2), he is prohibited from becoming or acting as a registrant, investment fund manager, or promoter; and
- under s. 198(1)(e.3), he is prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
- under s. 198(1)(i), he must pay to the ASC \$1,013,137.81 obtained as a result of his non-compliance with Alberta securities laws;
- under s. 199, he must pay to the ASC an administrative penalty of \$150,000; and
- under s. 202, he must pay costs to the ASC in the amount of \$15,055.81.

[137] For the reasons given, we make the following orders against HW and TradeFX:

- under s. 198(1)(b) of the Act, they must cease trading in or purchasing any security or derivative;

- under s. 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to them;
- under s. 198(1)(c.1), they are prohibited from engaging in investor relations activities;
- under s. 198(1)(e.1), they are prohibited from advising in securities or derivatives;
- under s. 198(1)(e.2), they are prohibited from becoming or acting as a registrant, investment fund manager, or promoter; and
- under s. 198(1)(e.3), they are prohibited from acting in a management or consultative capacity in connection with activities in the securities market.

[138] The Interim Order expires, by its terms, with the issuance of this decision.

[139] This proceeding is concluded.

July 6, 2026

**For the Commission:**

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"original signed by"  
Kari Horn, K.C.

\_\_\_\_\_  
"original signed by"  
Tom Cotter

\_\_\_\_\_  
"original signed by"  
Andrea Whyte, K.C.