



Ontario  
Securities  
Commission

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Citation: Seemann (Re), 2018 ONSEC 28

Date: 2018-06-01

File No. 2018-19

**IN THE MATTER OF  
HARALD SEEMANN, JENS BRANDT and  
KARL PAWLOWICZ**

**ORAL REASONS FOR APPROVAL OF SETTLEMENT  
(Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5)**

**Hearing:** June 1, 2018

**Decision:** June 1, 2018

**Panel:** Janet Leiper Commissioner and Chair of the Panel

**Appearances:** Jennifer Lynch For Staff of the Commission

Clarke Tedesco For Jens Brandt

## ORAL REASONS FOR APPROVAL OF SETTLEMENT

*The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on the reasons delivered orally at the hearing, and as edited and approved by the Panel, to provide a public record.*

### I. INTRODUCTION

- [1] The Respondent, Jens Brandt, has entered into a settlement agreement with Staff of the Commission. The settlement agreement was jointly filed by the parties for consideration at this hearing. The agreement includes a description of Mr. Brandt's conduct and proposes an order imposing sanctions on Mr. Brandt.
- [2] After considering the proposed settlement, prior settlement approval decisions and the principles to be applied to settlements, I have concluded that the requested order is in the public interest. These are my reasons for making this finding.

### II. THE CONDUCT

- [3] The settlement agreement describes the conduct at issue that has attracted the joint request for sanctions under the Ontario *Securities Act*<sup>1</sup> (the **Act**). Mr. Brandt's settlement follows the settlement of another Respondent in this matter, Harald Seemann, which was approved by the Commission on May 7, 2018.
- [4] Mr. Brandt was the Chief Financial Officer and a director of Big Rock Labs Inc. (**Big Rock**), a reporting issuer in Ontario. Mr. Seemann was the founder, directing mind and a director and officer of Big Rock.
- [5] The conduct at issue occurred in June 2014, at a time prior to Mr. Brandt becoming a director and officer of Big Rock. On two occasions during the month of June 2014, Mr. Brandt participated in transactions involving Big Rock shares at the direction or request of Mr. Seemann. Mr. Seemann has admitted in his settlement with the Commission that these transactions formed part of a manipulative trading scheme in Big Rock shares that created a misleading appearance of market activity in an attempt to generate interest and create liquidity in the shares.
- [6] Mr. Brandt admits that by participating in this course of conduct, he acted contrary to the public interest.

### III. THE PROPOSED SETTLEMENT

- [7] The terms of the settlement include the following sanctions against Mr. Brandt:
  - a. a payment to the Commission in the amount of \$12,500 for the benefit of third parties;
  - b. a one-year ban on buying or selling any securities, except that Mr. Brandt may buy or sell mutual funds, exchange-traded funds or index funds securities under a registered retirement savings plan, registered education saving plan, tax-free savings account or self-directed retirement savings plan;

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<sup>1</sup> RSO 1990, c S.5.

- c. a one-year ban from relying on exemptions contained in Ontario securities law;
- d. a one-year ban on becoming or acting as a director or officer of any issuer; and
- e. a reprimand.

[8] Staff has indicated during the hearing that the payment to the Commission was delivered today.

#### **IV. PRINCIPLES AND ANALYSIS**

[9] The role of the Panel in considering a settlement agreement is to determine whether the sanctions proposed fall within a range of reasonable outcomes and should be approved as being in the public interest. It is important to note that a negotiated settlement will not generally yield the same sanctions that might follow a fully contested hearing. A settlement is based on the facts agreed to by the parties, which may or may not be the facts that a Panel would find after a contested hearing.

[10] In determining that this settlement is in the public interest, I considered the following mitigating factors:

- a. Mr. Brandt had no experience in the market and was not an officer or director at the time of the misconduct;
- b. Mr. Brandt represented that he was unaware of the implications of the impugned trading;
- c. Mr. Brandt has voluntarily resigned as an officer and director of Big Rock;
- d. Mr. Brandt has cooperated with Staff throughout the course of Staff's investigation;
- e. Mr. Brandt has expressed remorse for his actions; and
- f. Staff does not allege that Mr. Brandt earned any profit as a result of his trading activity.

[11] In my view, the sanctions proposed by the parties take into consideration the seriousness of the misconduct and appropriate mitigating factors. The settlement is reasonable and its approval is in the public interest. An order will be issued following this hearing in substantially the form proposed by the parties.

[12] Mr. Brandt, as stated, the terms of your settlement with the Commission and the order that will be issued contemplate a reprimand of you. You are hereby reprimanded. Thank you for attending today.

Dated at Toronto on this 1<sup>st</sup> day of June, 2018.

"Janet Leiper"  
Janet Leiper