



Ontario
Securities
Commission

Commission des
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de l'Ontario

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Citation: Re Soleja, 2017 ONSEC 19
Date: 2017-05-23

**IN THE MATTER OF
DANISH AKHTAR SOLEJA, DANSOL INTERNATIONAL INC., GRAPHITE FINANCE
INC., PARKVIEW LIMITED PARTNERSHIP, and 1476634 ALBERTA LTD.**

**REASONS AND DECISION
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5)**

Hearing: In Writing

Decision: May 23, 2017

Panel: D. Grant Vingoe Vice-Chair and Chair of the Panel

Appearances: Malinda N. Alvaro For Staff of the Commission

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REASONS AND DECISION

I. INTRODUCTION

- [1] The merits hearing in this proceeding was conducted as a written hearing before the Ontario Securities Commission (the **Commission**) to determine whether it is in the public interest to make an order imposing sanctions against Danish Akhtar Soleja (**Soleja**), Dansol International Inc. (**Dansol**), Graphite Finance Inc. (**Graphite**), Parkview Limited Partnership (**Parkview LP**), and 1476634 Alberta Ltd. (**1476 Ltd.**) (collectively, the **Respondents**).
- [2] The Respondents were served with a Notice of Hearing issued December 19, 2016 and a Statement of Allegations dated December 14, 2016. Respondents did not participate in this proceeding, although properly served.
- [3] These are the reasons for granting Staff's requested order.

II. THE ASC FINDINGS AND ORDER

- [4] Between 2009 and 2014, Soleja caused Dansol, 1476 LTD., Graphite and Parkview LP to carry out various steps in relation to developing a real estate project in Alberta, known as the Watermere Resort. This included the acquisition of land, raising of capital, communications with investors through newsletters and other means and seeking regulatory approvals from local councils.
- [5] On October 25, 2016, the Respondents entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the **ASC Settlement Agreement**).
- [6] Accordingly, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.
- [7] Based upon the agreed facts contained within the ASC Settlement Agreement, the Respondents admitted as follows:
 - a. Each of Soleja, Dansol, Parkview LP, and Graphite breached section 92(4.1) of the Alberta Act, by making statements that they knew or reasonably ought to have known were misleading or untrue in a material respect, or which failed to state a fact necessary to make a statement not misleading, and which would reasonably be expected to have a significant effect on the market price or value of the aforementioned securities;
 - b. Dansol breached section 75 of the Alberta Act, by dealing in securities contrary to the Registration Requirement and without an exemption from that requirement; and
 - c. Soleja, Dansol, Parkview LP, Graphite and 1476 Ltd. breached section 110(1) of the Alberta Act, by distributing securities without having filed and received a receipt for a preliminary prospectus or a prospectus, and without an exemption from that requirement for some or all of those distributions.
- [8] Pursuant to the ASC Settlement Agreement, the Respondents agreed to be made subject to an order with the following terms:
 - a. that Soleja:

- i. pay \$65,000.00 to the ASC, inclusive of costs;
- ii. except as specifically outlined in paragraph 7(a)(iii) below, refrain for a period of 7 years from the date of the ASC Settlement Agreement from:
 - (a) becoming or acting as a director or officer, or both, of any issuer that relies on any exemptions contained in Alberta securities laws or that distributes securities to the public;
 - (b) trading in or purchasing any securities or derivatives except trades that are made through a registrant who has first been given a copy of the Settlement Agreement;
 - (c) engaging in any investor relations activities;
 - (d) advising in securities or derivatives;
 - (e) becoming or acting as a registrant, investment fund manager or promoter; and
 - (f) acting in a management or consultative capacity in connection with activities in the securities market.
- iii. Notwithstanding paragraph 7(a)(ii), Soleja may continue to act as a director and officer of the corporate Respondents:
 - (a) "for the sole purpose of marketing and selling the Watermere Lands on terms reasonably intended to maximize value to the limited partners of Parkview LP; but"
 - (b) "for only so long as is required to market, sell, and distribute net proceeds to the limited partners of Parkview LP."
- b. Based on the agreed facts and admitted breaches set out above, each of Dansol, 1476 Ltd., Parkview LP, and Graphite agreed and undertook to the ASC's Executive Director to refrain for a period of 10 years from trading in or purchasing any securities or derivatives.

III. ORDER REQUESTED IN THE PUBLIC INTEREST

- [9] Staff requests an order in the public interest in Ontario that imposes terms similar to the sanctions imposed by the ASC, to the extent possible under the Act. Staff submits that the following order should be issued:
- a. against Soleja that:
 - i. trading in any securities by Soleja cease until October 25, 2023, pursuant to paragraph 2 of subsection 127(1) of the Act, except trades that are made through a registrant who has first been given a copy of the ASC Settlement Agreement, and a copy of the Order of the Commission in this proceeding, if granted;
 - ii. the acquisition of any securities by Soleja cease until October 25, 2023, pursuant to paragraph 2.1 of subsection 127(1) of the Act, except purchases that are made through a registrant who has first been given a copy of the ASC Settlement Agreement, and a copy of the Order of the Commission in this proceeding, if granted;

- iii. Soleja resign any positions that he holds as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act, except that:
 - (a) Soleja may continue to act as a director and officer of Dansol, Graphite, Parkview LP and 1476 Ltd. for the following sole purpose and time frame:
 - i* marketing and selling the Watermere Lands (as described in the Settlement Agreement) on terms reasonably intended to maximize value to the limited partners of Parkview LP; and
 - ii* only so long as is required to market, sell, and distribute net proceeds to the limited partners of Parkview LP;
- iv. Soleja be prohibited from becoming or acting as a director or officer of any issuer until October 25, 2023, other than Dansol, Graphite, Parkview LP and 1476 Ltd. as provided in paragraph [9](a)(iii) above, pursuant to paragraph 8 of subsection 127(1) of the Act, and
- v. Soleja be prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- b. against Dansol that:
 - i. trading in any securities or derivatives by Dansol cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and
 - ii. the acquisition of any securities by Dansol cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- c. against Graphite that:
 - i. trading in any securities or derivatives by Graphite cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and
 - ii. the acquisition of any securities by Graphite cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- d. against Parkview LP that:
 - i. trading in any securities or derivatives by Parkview LP cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and
 - ii. the acquisition of any securities by Parkview LP cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
- e. against 1476 Ltd. that:

- i. trading in any securities or derivatives by 1476 Ltd. cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and
- ii. the acquisition of any securities by 1476 Ltd. cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act.

IV. SHOULD AN ORDER BE MADE IN ONTARIO?

- [10] Staff has established that the Respondents have agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements and thereby have established the threshold criteria set out in paragraph 5 of subsection 127(10) of the Act.
- [11] Staff has requested that a public interest order be made to meet the purposes of the Act as described in section 1.1, that is, to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.
- [12] In addition, the Act recognizes the importance of inter-jurisdictional co-operation. Paragraph 5 of section 2.1 provides that “the integration of capital markets is supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes.”
- [13] Staff submits that the following factors establish that it is in the public interest to make a protective order:
- a. the Respondents admitted to breaches of Alberta securities law;
 - b. the conduct for which the Respondents were sanctioned in the ASC Order would likely have constituted contraventions of Ontario securities law, specifically, contraventions of subsections 25(1), 53(1), and 126.2(1) of the Act;
 - c. the terms of the proposed order are consistent with the fundamental principle that the Commission maintain high standards of fitness and business conduct to ensure honest and responsible conduct by market participants;
 - d. the terms of the proposed order align with the sanctions imposed in the ASC Settlement Agreement to the extent possible under the Act; and
 - e. the sanctions proposed by Staff are prospective in nature, and would impact the Respondents only if they attempted to participate in the capital markets of Ontario.
- [14] Staff further submits that in determining sanctions, I should consider that the breaches of the Respondents are serious; involving unregistered trading, illegal distribution and making misleading statements to investors. I agree with Staff’s submission; this Commission has held that registration serves “as a gate-keeping mechanism ensuring that only properly qualified and suitable individuals are permitted to be registrants and to trade with or on behalf of the public” and that the “prospectus requirements of the Act play a significant role in the overall scheme of investor protection” (*Re Limelight Entertainment Inc.* (2008) 31 OSCB 12030 at paras 135 and 139).

[15] Staff further submits that the order it requests serves the twin goals of specific and general deterrence (*Cartaway Resources Corp.*, 2004 SCC 52 at para 52). I agree that the order requested is proportionately appropriate to the misconduct of the Respondents and is required to protect Ontario investors and Ontario's capital market from similar harm by the Respondents or like-minded individuals.

V. CONCLUSION

[16] For the foregoing reasons, I will issue an order in the form requested by Staff.

Dated at Toronto this 23rd day of May, 2017.

"D. Grant Vingoe"

D. Grant Vingoe