



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF
TRAVIS MICHAEL HURST, TERRY HURST
and BRYANT HURST**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. On March 2, 2015, Travis Michael Hurst (“Travis”), Terry Hurst (“Terry”) and Bryant Hurst (“Bryant”) (collectively, the “Respondents”), entered into a Settlement Agreement and Undertaking (the “Settlement Agreement”) with the Alberta Securities Commission (the “ASC”).
2. Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”).

4. The conduct for which the Respondents were sanctioned took place from December 2011 to January 2012 (the “Material Time”).
5. In the Settlement Agreement, the Respondents admitted to purchasing shares in Connacher Oil and Gas Ltd. (“Connacher”) during the Material Time, in circumstances where they were in a special relationship with Connacher and while each had knowledge of material facts or material changes with respect to Connacher that had not been generally disclosed. Travis also admitted that while he was in a special relationship with Connacher he:
 - a. informed the other Respondents of material facts or material changes with respect to Connacher that had not been generally disclosed; and
 - b. encouraged the other Respondents, together with other family members, to purchase shares in Connacher at a time when Travis was aware of material facts or material changes with respect to Connacher that had not been generally disclosed.
6. Each of the Respondents also admitted their actions were contrary to the public interest.

II. THE ASC PROCEEDINGS

Agreed Facts

7. In the Settlement Agreement, the Respondents agreed with the following facts:

Material information not generally disclosed

- a. Connacher is a body corporate formed pursuant to the laws of Canada. Connacher is extra-provincially registered in Alberta and its head office is located in Calgary, Alberta. Connacher is a reporting issuer under the *Alberta Securities Act*, R.S.A. 2000, c. S-4, as amended (the “ASA”). Its shares trade on the Toronto Stock Exchange (“TSX”).

- b. On the morning of Friday, December 2, 2011, a reporting issuer in Alberta (the “Bidder”) submitted to the CEO and Directors of Connacher a confidential written proposal (the “Proposal”) to acquire all of the issued and outstanding shares of Connacher for cash consideration at a significant premium to the 50 day volume-weighted average trading price of Connacher shares.
- c. The existence of the Proposal was not generally disclosed until December 8, 2011.
- d. The Board of Directors of Connacher ultimately decided to reject the Proposal, and communicated such rejection to the Bidder and to the public.

Tipping, encouraging and purchasing

- e. On Friday, December 2, 2011, Travis had lunch with an acquaintance, “W”. W informed Travis that the Bidder was advancing the Proposal to Connacher, and that W had acquired this information from his sister, “N”, who was employed, and was known by both W and Travis to be employed, by the Bidder. Travis was aware at the time that the information about the Proposal had not been generally disclosed.
- f. Travis and W agreed that if Travis profited from the information provided by W, Travis would pay W 25% of such profit.
- g. On the afternoon of Friday, December 2, 2011, after being told by W about the Proposal, Travis purchased 43,000 shares of Connacher.
- h. On the weekend of December 3 and 4, 2011, Travis informed the other Respondents of the information about the Proposal that he had obtained from W. Travis also encouraged the other Respondents, as well as other family members, to acquire Connacher shares before news of the Proposal was made public.
- i. On December 5 and December 6, 2011, the Respondents other than Travis, together with other family members, collectively purchased over 300,000 shares

of Connacher based on the information about the Proposal and the recommendation provided by Travis.

- j. On December 5 and December 7, 2011, Travis purchased an additional 23,000 and 16,662 shares of Connacher, respectively.
- k. The closing price for Connacher shares on the TSX for Wednesday, December 7, 2011 was \$0.61.
- l. On Thursday, December 8, 2011, at 09:44 Calgary time, trading in Connacher stock was halted at the request of the Investment Industry Regulatory Organization of Canada. On December 8, 2011, at 11:55 Calgary time, Connacher issued a press release advising that “it has received a confidential, non-binding, unsolicited proposal to acquire all of the outstanding shares of the company. The proposal is conditional upon, among other things, due diligence, negotiation of all definitive documentation and approval of the Board of Directors of Connacher and of the interested party.” Connacher shares resumed trading on December 8, 2011 at 12:30 Calgary time.
- m. The closing price for Connacher shares on the TSX for Thursday, December 8, 2011 was \$0.92, and for Friday, December 9, 2011 was \$0.94.

Selling for gain flowing from non-compliance

- n. On Monday, December 12, 2011, Travis sold 15,000 shares of Connacher.
- o. On Tuesday, December 13, 2011, at 05:30 Calgary time, Connacher announced that its “Board of Directors has determined not to pursue the unsolicited, non-binding and conditional proposal received from a third party to acquire all of the outstanding shares of the company. The board determined, upon extensive and thorough deliberation and following receipt of advice from its financial and legal advisers, that the proposal was not compelling.”
- p. The closing price for Connacher shares on the TSX for Tuesday, December 13, 2011 was \$0.78.

- q. On December 13, 2011, Travis sold all of the remaining Connacher shares he had purchased between December 2 and December 7, 2011. On the same day, the Respondents other than Travis, as well as other family members, sold all of the Connacher shares they had purchased on December 5 and December 6, 2011.
- r. Collectively, the Respondents, together with other family members, sold the Connacher shares they had purchased between December 3 and December 7, 2011, for over \$91,000 more than they paid for such shares.
- s. On January 26, 2012, Travis transferred \$21,000 from his trading account to his bank account and executed an email transfer of \$2,000 to W's bank account as payment for the information concerning the Proposal.
- t. On January 30, 2012, Travis executed an additional email transfer of \$500 to W's bank account as payment for the information concerning the Proposal.

Admissions

Travis

- u. Travis admits that he breached s.147(3) (previously s.147(2)) of the ASA by purchasing shares in Connacher on his own behalf, in circumstances where Travis was in a special relationship with Connacher and had knowledge of material facts or material changes with respect to Connacher that had not been generally disclosed.
- v. Travis admits that he breached s.147(4) (previously s.147(3)) of the ASA by informing the Respondents other than Travis of material facts or material changes with respect to Connacher that had not been generally disclosed, while he was in a special relationship with Connacher.
- w. Travis admits that he breached s.147(5) (previously s.147(3.1)) of the ASA by encouraging the Respondents other than Travis, together with other family members, to purchase shares in Connacher at a time when Travis was in a special

relationship with Connacher and was aware of material facts or material changes with respect to Connacher that had not been generally disclosed.

- x. Travis admits that his actions as described in the Settlement Agreement are contrary to the public interest.

Respondents other than Travis

- y. Each of the Respondents other than Travis admits that he breached s.147(3) (previously s.147(2)) of the ASA by purchasing shares in Connacher in circumstances where they were in a special relationship with Connacher and had knowledge of material facts or material changes with respect to Connacher that had not been generally disclosed. Each also admits that his actions as described in the Settlement Agreement are contrary to the public interest.

The Settlement Agreement and Undertakings

- 8. Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta:
 - a. Jointly and severally, to pay to the ASC the total amount of \$140,000.00;
 - b. By Travis, to cease trading in and purchasing securities or derivatives for a period of five years from the execution of the Settlement Agreement, except that:
 - i. Travis may trade in and/or purchase securities or derivatives, through a registrant who has been given a copy of the Settlement Agreement, using one Registered Retirement Savings Plan account, one Registered Education Savings Plan and one Locked in Retirement Account; and
 - ii. Travis may purchase securities in an issuer whose securities are not distributed to the public.

- c. By each of the Respondents other than Travis, to cease trading in and purchasing securities or derivatives for a period of three years from the execution of the Settlement Agreement, except that each of such Respondents may:
 - i. trade in and/or purchase securities or derivatives, through a registrant who has been given a copy of the Settlement Agreement, using one Registered Retirement Savings Plan account;
 - ii. purchase securities in an issuer whose securities are not distributed to the public; and
 - iii. in the case of Bryant, trade in and/or purchase securities or derivatives, through a registrant who has been given a copy of the Settlement Agreement, using one Registered Education Savings Plan account for each of his children.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

9. In the Settlement Agreement, the Respondents each agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.
10. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.
11. Staff allege that it is in the public interest to make an order against the Respondents.
12. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

13. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168.

DATED at Toronto, this 30th day of June.