



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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IN THE MATTER OF KEIR REYNOLDS

STATEMENT OF ALLEGATIONS (Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.

A. ORDER SOUGHT

2. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraphs 4 and 5 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):

(a) against Keir Reynolds (**Reynolds**) that:

- i. pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, Reynolds cease trading in any securities or derivatives, or purchasing any securities, of any issuer he is in a special relationship with until July 3, 2021, except that:

1. Reynolds may receive their securities as payment for services he provided to them (the **Compensation Shares**) pursuant to a valid agreement (the **Agreement**) and on the condition

that he is permitted to trade the Compensations Shares until the earlier of:

- A. three months after the Agreement has concluded, or
- B. July 3, 2021, being the end date of the three year trading ban pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act,

provided Reynolds is otherwise entitled to do so under all applicable laws and regulations;

- ii. pursuant to paragraph 7 of subsection 127(1) of the Act, Reynolds resign any positions that he holds as a director or officer of any issuer that issues securities to the public;
- iii. pursuant to paragraph 8 of subsection 127(1) of the Act, Reynolds be prohibited until July 3, 2021 from becoming or acting as a director or officer of any issuer that issues securities to the public; and

(b) such other order or orders as the Commission considers appropriate.

B. FACTS

Staff make the following allegations of fact:

3. On July 3, 2018, Reynolds entered into a Settlement Agreement (the **Settlement Agreement**) with the British Columbia Securities Commission (**BCSC**).
4. Pursuant to the Settlement Agreement, Reynolds admitted to breaching British Columbia securities legislation, and agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of British Columbia.

5. Reynolds is subject to an order of the BCSC dated July 3, 2018 (the **BCSC Order**), which imposes sanctions, conditions, restrictions or requirements upon him.

(i) The BCSC Proceedings

Agreed Statement of Facts

6. In the Settlement Agreement, Reynolds agreed with the following facts:

Background

- (a) Reynolds is a British Columbia resident who became a director of Mezzi Holdings Inc. (**Mezzi**) on February 18, 2014. Reynolds was appointed Chairman of Mezzi on April 7, 2014 and CEO of Mezzi on September 16, 2014.
- (b) Mezzi is a company involved in the wearable smart technology industry. On June 20, 2014, Mezzi entered into a reverse takeover transaction (the **RTO**), whereby it was to be vended into a public company (the **Issuer**) that traded on the TSX-V and the Borse Frankfurt. The letter of intent with respect to the RTO was first publicly disclosed on April 25, 2014.

Misconduct

- (c) As a result of his position as Chairman and CEO of Mezzi, Reynolds had knowledge of undisclosed material information concerning the pending RTO from at least February 2014.
- (d) Between February 2014 and April 2014, with knowledge of the undisclosed material information concerning the pending RTO, Reynolds funded and directed trades in the account of another individual to buy 114,500 shares of the Issuer on the TSX-V. Neither Reynolds nor the individual who held the account made any profit as a result of this trading.

- (e) Reynolds' trading of shares of the Issuer was contrary to section 57.2(2) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the **BC Act**).

Mitigating Factors

- (f) Reynolds agreed to make early admissions with respect to the above-noted misconduct prior to the BCSC's issuance of a Notice of Hearing.

(ii) BCSC Settlement and Undertakings

Undertaking

- (g) Reynolds undertook to pay \$15,000 to the BCSC in respect of settlement.

The BCSC Order

7. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Reynolds, all of which were agreed to in paragraph 2 of the Settlement Agreement:
- (a) under section 161(1)(d)(i) of the BC Act, Reynolds resign any position he holds as a director or officer of an issuer that issues securities to the public;
 - (b) under section 161(1)(d)(ii) of the BC Act, Reynolds is prohibited for three years from becoming or acting as a director or officer of any issuer that issues securities to the public; and
 - (c) under section 161(1)(b)(ii) of the BC Act, Reynolds is prohibited for three years from trading in or purchasing any securities or exchange contracts of an issuer he is in a special relationship with, except that he may receive their securities as payment for services he provided to them (the Compensation Shares) pursuant to a valid agreement (the

Agreement) and on the condition that he is not permitted to trade the Compensation Shares until the earlier of:

- (i) three months after the Agreement has concluded, or
- (ii) the three year ban under section 161(1)(b)(ii) of the BC Act has expired,

provided he is otherwise entitled to do so under all applicable laws and regulations.

Consent to Regulatory Orders

- 8. Reynolds consented to regulatory Orders made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph 2 of the Settlement Agreement.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 9. Pursuant to the Settlement Agreement, Reynolds agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of British Columbia.
- 10. Reynolds is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.
- 11. Pursuant to paragraphs 4 and 5, respectively, of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company, or an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that a person or company is to be made subject to sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.

12. Staff allege that it is in the public interest to make an order against Reynolds.
13. 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.

DATED at Toronto this 24th day of October, 2018.