



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

Citation: Miller (Re), 2021 ONSEC 3
Date: 2021-01-20
File No.: 2019-48

**IN THE MATTER OF
DAVID RANDALL MILLER**

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

Hearing: January 20, 2021

Decision: January 20, 2021

Panel: Timothy Moseley Vice-Chair and Chair of the Panel
Raymond Kindiak Commissioner
Frances Kordyback Commissioner

Appearances: Lynda Morgan For David Randall Miller

Christina Galbraith For Staff of the Commission

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

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

- [1] Staff of the Commission has alleged that David Miller contravened the *Securities Act*¹ by issuing false and misleading press releases and by engaging in improper insider trading. Staff and Mr. Miller seek approval of a settlement agreement they have entered into regarding these allegations. We conclude that it would be in the public interest to approve the settlement, for the following reasons.
- [2] Mr. Miller is the former CEO of Inspiration Mining Corporation, a reporting issuer now known as Silk Energy Limited. In 2018, Mr. Miller caused Inspiration to issue five false and misleading press releases regarding purported negotiations between Inspiration and Compassion Cannabis Corporation. He did that to capitalize on heightened investor interest in the cannabis industry.
- [3] Shortly after issuing the first of the false press releases, Mr. Miller sold some shares of Inspiration, either directly or through his personal corporation. By doing so, he took advantage of an increase in the price of Inspiration shares that had followed the false press releases. He realized a gain that was almost \$100,000 greater than he would otherwise have realized.
- [4] The sale of those shares was not permitted, because he was in a special relationship with Inspiration, as that term is defined in Ontario securities law, due to his being in possession of the material facts relating to the false press releases.
- [5] Mr. Miller compounded the problem by failing to file the required insider reports regarding his illegal trades.
- [6] The settlement agreement sets out in greater detail the relevant facts and the specific contraventions of Ontario securities law. It also sets out the various sanctions to which Staff and Mr. Miller have agreed, including:
 - a. a ten-year ban from participating in the capital markets (subject to very limited exceptions);
 - b. disgorgement to the Commission in the amount of \$97,070.82;
 - c. an administrative penalty in the amount of \$92,929.18; and
 - d. costs in the amount of \$10,000.
- [7] We have reviewed the settlement agreement in detail. We have had the benefit of a confidential settlement conference, and follow-up discussions, with counsel for both parties.
- [8] Our role at this settlement hearing is to determine whether the negotiated result falls within a range of reasonable outcomes, and whether it would be in the public interest to approve the settlement. The Commission respects the negotiation process and accords significant deference to the resolution reached by the parties.
- [9] Mr. Miller's admitted misconduct is serious. The requirement to make truthful disclosure is a cornerstone of the securities regulatory regime. Mr. Miller deliberately violated that important principle, and then sought to profit from his misconduct, at the expense of other investors.

¹ RSO 1990, c S.5

- [10] In our view, the sanctions in this proceeding are a reasonable response to that misconduct. We take into account the fact that a settlement avoids the consumption of resources that would be required to proceed to a contested hearing.
- [11] It is in the public interest for us to approve the settlement. We will therefore issue an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 20th day of January, 2021.

"Timothy Moseley"

Timothy Moseley

"Raymond Kindiak"

Raymond Kindiak

"Frances Kordyback"

Frances Kordyback