



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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20 Queen Street West  
Toronto ON M5H 3S8

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

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**IN THE MATTER OF  
TREVOR ROSBOROUGH, TAYLOR CARR and DMITRI GRAHAM**

File No. 2020-33

**SETTLEMENT AGREEMENT**

**PART I - INTRODUCTION**

1. Illegal insider trading and tipping are fundamental abuses of material non-public information. Regardless of the amount of any profit made, these offences erode public confidence in Ontario's capital markets and cannot be tolerated. This is especially so when those engaged in this illegal conduct are registrants who serve an important gatekeeper role in protecting the integrity of our markets. Investors rely on registrants to understand and comply with Ontario securities law. Consequently, registrants who abuse that trust and counsel others to engage in illegal conduct tarnish the reputation of both the registration regime and law-abiding registrants in Ontario.

2. Trevor Rosborough (**Rosborough** or the **Respondent**), a former mutual fund dealing representative, engaged in illegal tipping and insider trading in the shares of WeedMD Inc. (**WeedMD**) during the period of November 10, 2017 to November 21, 2017 (the **Material Time**).

3. While suspended from registration, Rosborough obtained material non-public information from Taylor Carr (**Carr**), an employee at WeedMD, which is a reporting issuer in Ontario that is listed and publicly traded on the Toronto Venture Exchange. Through Carr, Rosborough confirmed WeedMD was set to announce a major expansion that would significantly increase its cannabis production (the **Expansion**).

4. Before the Expansion was generally disclosed, Rosborough communicated material non-public information relating to the Expansion (the **MNPI**) to two clients, Clients A and B, and purchased WeedMD shares for his own account.

5. WeedMD publicly announced the Expansion on November 22, 2017, and the closing price of WeedMD's shares rose by 33% that day, relative to the previous day's closing price. On November 22, 2017, following the announcement of the Expansion, Rosborough sold all of his shares for a profit of \$492.32. His profitable trade was a result of illegal insider trading, and therefore a significant breach of Ontario securities law.

6. The parties will jointly file a request that the Ontario Securities Commission (the **Commission**) issue a Notice of Hearing (the **Notice of Hearing**) to announce that it will hold a hearing (the **Settlement Hearing**) to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the **Act**), it is in the public interest for the Commission to make certain orders against Rosborough.

## **PART II - JOINT SETTLEMENT RECOMMENDATION**

7. Staff of the Commission (**Staff**) recommend settlement of the proceeding (the **Proceeding**) against the Respondent commenced by the Notice of Hearing, in accordance with the terms and conditions set out in Part VI of this Settlement Agreement. The Respondent consents to the making of an order (the **Order**) substantially in the form attached as Schedule "A" to this Settlement Agreement based on the facts set out herein.

8. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts set out in Part III of this Settlement Agreement and the conclusion in Part IV of this Settlement Agreement.

## **PART III - AGREED FACTS**

### **A. BACKGROUND**

9. Rosborough was registered as a mutual fund salesperson with Quadrus Investment Services Ltd. (**Quadrus**) from September 5, 2006 to September 28, 2009, and then as a mutual fund dealing representative from September 28, 2009 to October 31, 2017.

10. On October 31, 2017, Rosborough was terminated from Quadrus. The termination had the effect of automatically suspending Rosborough's registration because of subsection 29(3) of the Act. The termination was followed by a settlement agreement between Rosborough and the Mutual Fund

Dealers Association of Canada wherein Rosborough agreed to a fine of \$10,000 and \$2,500 in costs for obtaining and using pre-signed forms.

11. In November 2017, Rosborough enlisted the help of two individuals, one of whom was Dmitri Graham (**Graham**), to help him continue to advise clients while his registration was suspended. Graham, who was a registered mutual fund dealing representative, helped Rosborough process securities transactions at this time. In return, Rosborough allowed Graham to work from his office space, drive his vehicle, and paid his registration fees at Sterling Mutuals Inc.

12. In a settlement agreement approved by the Deputy Director of Compliance and Registrant Regulation Branch (CRR) of the Commission on May 4, 2020 (the **CRR Settlement**), Rosborough admitted, among other things, that he had breached subsections 25(1) and 25(3) of the Act for engaging in stealth advising via two individuals, one of whom is Graham, and by holding himself out to prospective clients as engaging in the business of trading and advising in securities. As a result, Rosborough agreed to, among other terms, a five-year suspension of his registration, effective June 1, 2020.

13. By agreeing to the CRR Settlement, Rosborough accepted responsibility for his conduct as described therein. Rosborough also cooperated with the investigation leading up to the CRR Settlement by voluntarily providing access to his records, including his emails, and by voluntarily attending an interview with Staff.

## **B. WEEDMD AND THE EXPANSION**

14. WeedMD is a reporting issuer in Ontario that is listed and publicly traded on the Toronto Venture Exchange.

15. On November 22, 2017, WeedMD announced details of the Expansion, confirming that the company had entered into a definitive lease and purchase option agreement with Perfect Pick Farms Ltd. (**Perfect Pick**) for Perfect Pick's 98-acre property which included a 610,000 sq. ft. state-of-the-art greenhouse facility that could be rapidly retrofitted for cannabis. The new facility was expected to increase WeedMD's annual production from 1,200 kg to more than 21,000 kg in the initial phase and eventually bring annual production to over 50,000 kg. The Expansion was characterized by WeedMD as a "transformational expansion".

16. After the details of the Expansion were generally disclosed, the closing price of WeedMD shares rose by 33% relative to the previous day's closing price. A material change report regarding the Expansion was filed by WeedMD on November 27, 2017. The Expansion was material in respect of WeedMD.

### **C. TIPPING AND INSIDER TRADING OF WEEDMD SHARES**

17. Rosborough engaged in illegal insider trading and tipping during the Material Time.

18. Prior to and during the Material Time, Rosborough spoke to Carr and inquired about the status of WeedMD. Carr was an employee of WeedMD prior to and during the Material Time, a fact which was known to Rosborough. Carr was the only person Rosborough knew who was employed at WeedMD during and prior to the Material Time.

19. On or before November 10, 2017, Carr communicated the MNPI to Rosborough. Through Carr, Rosborough confirmed WeedMD was set to announce the Expansion.

20. On November 10, 2017, Rosborough, with knowledge of the MNPI, purchased 1,090 WeedMD shares in his personal account. Rosborough purchased the shares at a price of \$1.36 per share for a total amount of \$1,492.39.<sup>1</sup>

21. On the same day, Rosborough sent an email to Client A stating, "I also have a friend who is the head grower at WeedMD how[sic] let me know off the record that they will be announcing a huge new facility so we need to buy that stock before next Friday and sell Friday."

22. Prior to November 16, 2017, Rosborough communicated the MNPI to Client B, who opened a direct investing account and purchased shares of WeedMD. On November 16, 2017, Client A purchased WeedMD shares.

23. On or before November 21, 2017, Carr told Rosborough that WeedMD was postponing the general disclosure of the Expansion to November 22, 2017.

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<sup>1</sup> Inclusive of fees/commissions.

24. On Tuesday, November 21, 2017, Client A's spouse emailed Rosborough asking if the announcement regarding the Expansion was forthcoming. Rosborough responded on the same day that the announcement was "deferred to Wednesday".

25. On Wednesday, November 22, 2017, after details of the Expansion were generally disclosed by WeedMD, Rosborough sold all of his WeedMD shares at a price of \$1.83 per share for a total of \$1,984.71.<sup>2</sup> As a result, Rosborough made a profit of \$492.32, or a return of approximately 33%, from his insider trading of WeedMD shares.

#### **D. MITIGATING FACTORS**

26. The Respondent has been granted substantial credit for cooperation for agreeing to the terms set out below, including his undertaking to cooperate with Staff attached as Schedule "B" to this Settlement Agreement (the **Undertaking**).

#### **PART IV -NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

27. By engaging in the conduct described above, the Respondent acknowledges and admits that he contravened subsections 76(1) and 76(2) of the Act and that his conduct was contrary to the public interest.

#### **PART V – RESPONDENT'S POSITION**

28. The Respondent requests, and Staff do not object, that the Settlement Hearing panel consider the following circumstances:

- (a) The Respondent is remorseful for his conduct, and, in particular, for failing to safeguard and protect the integrity of the capital markets;
- (b) The Respondent accepts full responsibility for his conduct; and
- (c) The Respondent will fully cooperate with Staff as this matter progresses, including by testifying as a witness for Staff in any proceeding related to this matter and to meet with

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<sup>2</sup> Inclusive of fees/commissions.

Staff in advance of any such proceeding, as set out in Schedule “B” to this Settlement Agreement.

## **PART VI - TERMS OF SETTLEMENT**

29. The Respondent agrees to the terms of settlement set forth below.

30. The Respondent consents to the Order substantially in the form attached as Schedule “A”, pursuant to which it is ordered that:

- (a) this Settlement Agreement is approved;
- (b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Respondent cease for a period of eight years commencing on the date of the Order;
- (c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondent be prohibited for a period of eight years commencing on the date of the Order;
- (d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondent for a period of eight years commencing on the date of the Order;
- (e) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent be reprimanded;
- (f) pursuant to paragraph 7 of subsection 127(1) of the Act, the Respondent immediately resign any position that he holds as a director or officer of an issuer;
- (g) pursuant to paragraph 8 of subsection 127(1) of the Act, the Respondent be prohibited from becoming or acting as a director or officer of any issuer for a period of eight years commencing on the date of the Order;
- (h) pursuant to paragraph 8.1 of subsection 127(1) of the Act, the Respondent immediately resign any position that he holds as a director or officer of a registrant;

- (i) pursuant to paragraph 8.2 of subsection 127(1) of the Act, the Respondent be prohibited from becoming or acting as a director or officer of any registrant for a period of eight years commencing on the date of the Order;
- (j) pursuant to paragraph 8.5 of subsection 127(1) of the Act, the Respondent be prohibited from becoming or acting as a registrant or a promoter for a period of eight years commencing on the date of the Order;
- (k) pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondent pay an administrative penalty in the amount of \$35,000.00, which amount be designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the Act;
- (l) pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondent disgorge to the Commission the profit of \$492.32, which amount be designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the Act;
- (m) pursuant to section 127.1 of the Act, the Respondent pay costs in the amount of \$5,000.00; and
- (n) notwithstanding any other provisions contained in the Order, after the payments set out in sub-paragraphs 30(k), 30(l) and 30(m) are made in full, the Respondent is permitted to trade and/or acquire the following securities in any registered retirement savings plan, registered education savings plan, registered retirement income fund, and/or tax-free savings account (as defined in the *Income Tax Act*, RSC 1985, c 1 (5th Supp.)) in which the Respondent has sole legal and beneficial ownership, solely through a registered dealer, to whom the Respondent must have given a copy of the Order:
  - (i) mutual fund, exchange-traded fund or index fund securities;
  - (ii) government bonds; and
  - (iii) guaranteed investment certificates.

31. The Respondent agrees to pay the amounts set out in sub-paragraphs 30(k), 30(l) and 30(m) to the Commission in the following manner:

- (a) \$20,746.16 by wire transfer before the commencement of the Settlement Hearing; and
- (b) \$19,746.16 by cheque post-dated to September 15, 2021, which cheque will be provided to Staff before the commencement of the Settlement Hearing.

32. The Respondent consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 30, other than sub-paragraphs 30(k), 30(l) and 30(m). These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

33. The Respondent acknowledges that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities- or derivatives-related activities, prior to undertaking such activities.

34. The Respondent has given the Undertaking, in the form attached as Schedule “B” to this Settlement Agreement, to cooperate with Staff, including testifying as a witness for Staff in any proceedings commenced by Staff relating to the matters set out herein and meeting with Staff in advance of any such proceeding to prepare for that testimony.

## **PART VII - FURTHER PROCEEDINGS**

35. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement or as set out in the Amended Statement of Allegations in this matter dated January 22, 2021 (**Statement of Allegations**), unless the Respondent fails to comply with any term in this Settlement Agreement or the Undertaking, in which case Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Settlement Agreement, the Statement of Allegations, as well as the breach of this Settlement Agreement or the Undertaking.

36. The Respondent acknowledges that, if the Commission approves this Settlement Agreement and the Respondent fails to comply with any term in it or the Undertaking, Staff or the Commission are entitled to bring any proceedings necessary to, among other things, recover the amounts set out in sub-paragraphs 30(k), 30(l) and 30(m), above.

37. The Respondent waives any defences to a proceeding referenced in paragraph 35 or 36 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement or the Undertaking.

### **PART VIII - PROCEDURE FOR APPROVAL OF SETTLEMENT**

38. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Commission, which shall be held on a date determined by the Secretary to the Commission in accordance with this Settlement Agreement and the Commission's *Rules of Procedure and Forms* (2019), 42 OSCB 9714.

39. The Respondent will attend the Settlement Hearing by video conference.

40. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

41. If the Commission approves this Settlement Agreement:

- (a) the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and
- (b) neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

42. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

**PART IX - DISCLOSURE OF SETTLEMENT AGREEMENT**

43. If the Commission does not make the Order:

- (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and
- (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

44. The parties will keep the terms of this Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

**PART X - EXECUTION OF SETTLEMENT AGREEMENT**

45. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

46. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

**DATED** at Strathroy, Ontario this 28th day of July, 2021.

“Michelle Linker”

\_\_\_\_\_  
Witness (print name): Michelle Linker

“Trevor Rosborough”

\_\_\_\_\_  
**TREVOR ROSBOROUGH**

**DATED** at Toronto, Ontario, this 28th day of July, 2021.

**ONTARIO SECURITIES COMMISSION**

By: “Jeff Kehoe”  
Name: Jeff Kehoe  
Title: Director, Enforcement Branch

**SCHEDULE “A”**

**FORM OF ORDER**



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**IN THE MATTER OF  
TREVOR ROSBOROUGH, TAYLOR CARR and DMITRI GRAHAM**

File No. 2020-33

*(Names of panelists comprising the panel)*

*(Day and date order made)*

**ORDER**  
**([Sections 127 and 127.1] of the  
Securities Act, RSO 1990, c S.5)**

WHEREAS on **[date]**, the Ontario Securities Commission (the **Commission**) held a hearing by videoconference to consider the request made jointly by Trevor Rosborough (**Rosborough**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated **[date]** (the **Settlement Agreement**);

AND WHEREAS pursuant to the Settlement Agreement, Rosborough has given an undertaking in the form attached as Annex I to this Order (the **Undertaking**);

ON READING the Joint Application for Settlement Hearing, including the Amended Statement of Allegations dated January 22, 2021, the Settlement Agreement and the Undertaking, and on hearing the submissions of the representatives of Rosborough and Staff, and on being advised by Staff that Staff have received payment from Rosborough in the amount of \$20,746.16;

IT IS ORDERED THAT:

- (a) the Settlement Agreement is approved;
- (b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Rosborough shall cease for a period of eight years commencing on the date of the Order;

- (c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Rosborough shall be prohibited for a period of eight years commencing on the date of the Order;
- (d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Rosborough for a period of eight years commencing on the date of the Order;
- (e) pursuant to paragraph 6 of subsection 127(1) of the Act, Rosborough is reprimanded;
- (f) pursuant to paragraph 7 of subsection 127(1) of the Act, Rosborough shall immediately resign any position that he holds as a director or officer of an issuer;
- (g) pursuant to paragraph 8 of subsection 127(1) of the Act, Rosborough shall be prohibited from becoming or acting as a director or officer of any issuer for a period of eight years commencing on the date of the Order;
- (h) pursuant to paragraph 8.1 of subsection 127(1) of the Act, Rosborough shall immediately resign any position that he holds as a director or officer of a registrant;
- (i) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Rosborough shall be prohibited from becoming or acting as a director or officer of any registrant for a period of eight years commencing on the date of the Order;
- (j) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Rosborough shall be prohibited from becoming or acting as a registrant or a promoter for a period of eight years commencing on the date of the Order;
- (k) pursuant to paragraph 9 of subsection 127(1) of the Act, Rosborough shall pay an administrative penalty in the amount of \$35,000.00, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
- (l) pursuant to paragraph 10 of subsection 127(1) of the Act, Rosborough shall disgorge to the Commission the profit of \$492.32, which amount shall be designated for

allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act;

- (m) pursuant to section 127.1 of the Act, Rosborough shall pay costs in the amount of \$5,000.00;
- (n) Rosborough shall pay the outstanding amounts referred to in paragraphs (k), (l) and (m) totaling \$19,746.16 by September 15, 2021;
- (o) notwithstanding any other provisions contained in the Order, after the payments set out in paragraphs (k), (l) and (m) are made in full, Rosborough is permitted to trade and/or acquire the following securities in any registered retirement savings plan, registered education savings plan, registered retirement income fund, and/or tax-free savings account (as defined in the *Income Tax Act*, RSC 1985, c 1 (5th Supp.)) in which Rosborough has sole legal and beneficial ownership, solely through a registered dealer, to whom Rosborough must have given a copy of the Order:
  - (i) mutual fund, exchange-traded fund or index fund securities;
  - (ii) government bonds; and
  - (iii) guaranteed investment certificates.

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[Commissioner]

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[Commissioner]

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[Commissioner]

**ANNEX I to SCHEDULE “A”****UNDERTAKING**

Ontario  
Securities  
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**IN THE MATTER OF  
TREVOR ROSBOROUGH, TAYLOR CARR and DMITRI GRAHAM**

**UNDERTAKING**

1. This Undertaking is given in connection with the settlement agreement dated July 28, 2021 (the **Settlement Agreement**) between Trevor Rosborough (the **Respondent**) and Staff of the Ontario Securities Commission (**Staff**). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.
2. The Respondent undertakes to provide full cooperation to Staff, including, if required, testifying as a witness for Staff in any proceeding commenced by Staff relating to the matters set out in the Settlement Agreement or the Statement of Allegations, and meeting with Staff in advance of any such proceeding to prepare for that testimony.

**DATED** at Strathroy, Ontario this 28th day of July, 2021.

“Michelle Linker”

\_\_\_\_\_  
Witness (print name): Michelle Linker

“Trevor Rosborough”

\_\_\_\_\_  
**TREVOR ROSBOROUGH**

## SCHEDULE “B”

### UNDERTAKING



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### IN THE MATTER OF TREVOR ROSBOROUGH, TAYLOR CARR and DMITRI GRAHAM

#### UNDERTAKING

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2. The Respondent undertakes to provide full cooperation to Staff, including, if required, testifying as a witness for Staff in any proceeding commenced by Staff relating to the matters set out in the Settlement Agreement or the Statement of Allegations, and meeting with Staff in advance of any such proceeding to prepare for that testimony.

**DATED** at Strathroy, Ontario this 28th day of July, 2021.

“Michelle Linker”

\_\_\_\_\_  
Witness (print name): Michelle Linker

“Trevor Rosborough”

\_\_\_\_\_  
**TREVOR ROSBOROUGH**