



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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Toronto ON M5H 3S8

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**IN THE MATTER OF HARALD SEEMANN, JENS BRANDT and
KARL PAWLOWICZ**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and JENS BRANDT**

PART I - INTRODUCTION

1. This matter is about the trading of shares in Big Rock Labs Inc. ("BLA") by Jens Brandt ("Brandt" or "the Respondent") which, when viewed in the context of and in conjunction with other trading by insiders of BLA, resulted in or contributed to a misleading appearance of trading activity in BLA. Ensuring that market participants do not engage in or facilitate manipulating the market for shares of a company is essential in achieving the purposes of the *Securities Act*, RSO 1990, c S.5 (the "Act") of protecting investors from unfair, improper or fraudulent practices and fostering fair and efficient markets and confidence in capital markets.

2. 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 Act, it is in the public interest for the Commission to make certain orders against Brandt.

PART II - JOINT SETTLEMENT RECOMMENDATION

3. 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 V of this Settlement Agreement. Staff and the Respondent consent to the making of an order (the "Order") in the form attached as Schedule "A" to this Settlement Agreement based on the facts set out herein.

4. 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. Overview

5. In June 2014, Brandt engaged in trading of shares of BLA at the direction or request of Harald Seemann ("Seemann"), which Seemann has admitted resulted in or contributed to a misleading appearance of trading activity in BLA.

B. The Respondent

6. Brandt is a resident of Ontario. Brandt met and became an acquaintance of Seemann in 2008. In October 2014, Brandt became a director of BLA. From August 2016 until May 2018, he was the CFO of BLA. Brandt has never been registered with the Commission in any capacity.

7. BLA is a public company which was incorporated in British Columbia in April 2014. Its shares are listed on the Canadian Securities Exchange and the Frankfurt Stock Exchange. BLA is a reporting issuer in Ontario with its registered address in Toronto. In 2014 and 2015, BLA was a technology company which specialized in digital product research and development. BLA did not earn any revenue during the Material Time.

8. Seemann was the founder, Chief Financial Officer and a director of BLA. He was the directing mind of the company.

C. Brandt's Trading in BLA Shares

9. In June 2014, Brandt engaged in match trading with Seemann. On the evening of June 10, 2014, there were two telephone calls between Seemann and Brandt, which were followed by Brandt's purchase of 145,200 BLA shares which were sold from Seemann's spouse's margin account on June 12 and 13, 2014.

10. On June 15, 2014, there was another telephone call between Brandt and Seemann, which was followed by the sale of 128,182 BLA shares from Brandt to Seemann's spouse's Scotia iTrade TFSA account, just after the opening of the market on June 16, 2014. The telephone calls between Seemann and Brandt on June 10 and 15, 2014 were the only three phone calls made between the two of them during the entire month of June.

D. Mitigating Factors

11. At the time of the trading described above, Brandt had no experience in the market. Brandt represents and warrants to the Commission that he was unaware of the implications of the trading described at paragraphs 9 and 10.

12. At the time of the trading described above, Brandt was not an officer or director of a public corporation, and did not hold a position of special responsibility within the capital markets. Brandt has voluntarily resigned as an officer and director of BLA.

13. Brandt has cooperated with Staff throughout the course of Staff's investigation and these proceedings.

14. By admitting the facts and contraventions described herein, Brandt has:

- a. expressed remorse for his actions; and
- b. saved the OSC significant time and resources associated with conducting a fully contested hearing on the merits.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

15. By engaging in the conduct described above, Brandt admits and acknowledges that he has acted contrary to the public interest.

16. Staff do not allege that the Respondent earned a profit as a result of his manipulative activity described in paragraphs 9 to 10 of this Settlement Agreement.

PART V - TERMS OF SETTLEMENT

17. The Respondent agrees to the terms of settlement set out below.

18. The Respondent consents to the Order, pursuant to which it is ordered that:

- (a) this Settlement Agreement be approved;
- (b) the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (c) trading by the Respondent in any securities and derivatives cease for a period of 1 year commencing on the date of the Order pursuant to

paragraph 2 of subsection 127(1) of the Act, except that trading shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, registered education saving plans, tax-free savings accounts and self-directed retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which the Respondent has legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;

- (d) the acquisition of any securities by the Respondent is prohibited for a period of 1 year commencing on the date of the Commission's order approving this Settlement Agreement pursuant to paragraph 2.1 of subsection 127(1) of the Act, except that the acquisition of securities shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, registered education saving plans, tax-free savings accounts and self-directed retirement savings plans (as defined by the *Income Tax Act* (Canada)) in which the Respondent has sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;
- (e) any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 1 year, commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 3 of subsection 127(1) of the Act;
- (f) the Respondent be prohibited from becoming or acting as a director or officer of any issuer for a period of 1 year commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8 of subsection 127(1) of the Act; and
- (g) The Respondent agrees to make a payment of \$12,500 to the Commission for the benefit of third parties.

19. The amount set out in sub-paragraph 18(g) shall be paid by the Respondent by the date of the Commission's Order approving this Settlement Agreement, by way of a certified cheque payable to "the Ontario Securities Commission".

20. 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.

21. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub paragraphs 18(c), (d), (e), and (f) above. These sanctions may be modified to reflect the provisions of the relevant provincial or territorial law.

PART VI - FURTHER PROCEEDINGS

22. 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, unless the Respondent fails to comply with any term in this Settlement Agreement, 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 as well as the breach of this Settlement Agreement.

23. The Respondent acknowledges that, if the Commission approves this Settlement Agreement and the Respondent fails to comply with any term in it, the Commission is entitled to bring any proceedings necessary.

24. The Respondent waives any defences to a proceeding 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.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

25. 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, adopted October 31, 2017.

26. The Respondent will attend the Settlement Hearing in person.

27. 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.

28. 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) the parties will not make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

29. 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 VIII - DISCLOSURE OF SETTLEMENT AGREEMENT

30. 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 in respect of the Proceeding. 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.

31. 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 IX - EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED at Toronto, this "28th" day of "May", 2018.

"Clarke Tedesco"
Witness: (print name):

"Jens Brandt"
Jens Brandt

DATED at Toronto, Ontario, this "29th"_day of "May", 2018.

**STAFF OF THE ONTARIO SECURITIES
COMMISSION**

By: "Jeff Kehoe"
Name: Jeff Kehoe
Title: Director, Enforcement Branch



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Schedule "A"

IN THE MATTER OF HARALD SEEMANN, JENS BRANDT and KARL PAWLOWICZ

[INSERT COMMISSIONERS OF THE PANEL]

____, 2018

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

WHEREAS on ____, 2018, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the approval of a settlement agreement dated ____, 2018 (the **Settlement Agreement**) between Jens Brandt (the **Respondent**) and Staff of the Commission (**Staff**);

ON READING the Statement of Allegations dated May 3, 2018 and the Settlement Agreement and on hearing the submissions of representatives of Staff and the Respondent;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);
3. trading by the Respondent in any securities and derivatives cease for a period of 1 year commencing on the date of the Order pursuant to paragraph 2 of subsection 127(1) of the Act, except that trading shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, registered education saving plans, tax-free savings accounts and self-directed retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which the Respondent has legal and beneficial ownership, and such trading is carried out through a registered

dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;

4. the acquisition of any securities by the Respondent is prohibited for a period of 1 year commencing on the date of the Commission's order approving this Settlement Agreement pursuant to paragraph 2.1 of subsection 127(1) of the Act, except that the acquisition of securities shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, registered education saving plans, tax-free savings accounts and self-directed retirement savings plans (as defined by the *Income Tax Act* (Canada)) in which the Respondent has sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;
 5. any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 1 year, pursuant to paragraph 3 of subsection 127(1) of the Act;
 6. the Respondent be prohibited from becoming or acting as a director or officer of any issuer for a period of 1 year commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8 of subsection 127(1) of the Act; and
 7. Subject to the terms of the Settlement Agreement, the Respondent agrees to make a payment of \$12,500 to the Commission for the benefit of third parties.
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