



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
VOLKMAR GUIDO HABLE**

**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 paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):
 - (a) against Volkmar Guido Hable (**Hable**) that:
 - i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Hable cease permanently;
 - ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Hable cease permanently;
 - iii. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Hable permanently;

- iv. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Hable resign any positions that he holds as a director or officer of any issuer or registrant;
- v. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Hable be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and
- vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Hable be prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter;

B. FACTS

Staff make the following allegations of fact:

- 3. Hable is subject to an order of the British Columbia Securities Commission dated November 7, 2017 (the **BCSC Order**), which imposes sanctions, conditions, restrictions or requirements upon him.
- 4. In its findings on liability dated June 26, 2017 (the **Findings**), a panel of the BCSC (the **BCSC Panel**) found that Hable contravened section 57(a) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the **BC Act**) by engaging in or participating in conduct relating to a security that Hable knew, or reasonably should have known, resulted in an artificial price for the security.
- 5. The BCSC Panel further found that Hable contravened section 168.1(1)(a) of the BC Act by submitting false or misleading information to BCSC Staff.

(i) The Findings

- 6. The conduct for which Hable was sanctioned took place between February 18 and February 22, 2013 (the **Material Time**).
- 7. During the Material Time, Hable was a resident of British Columbia.

8. Between May 20, 2011 and February 22, 2013, Hable was employed in various capacities with Samaranta Mining Corporation (**Samaranta**). During the Material Time, Hable was the Executive Vice President of Mining and Exploration of Samaranta. Hable was terminated from this position on February 22, 2013.

9. Samaranta was a Vancouver-based, federally registered Canadian corporation, whose shares were listed on the TSX Venture Exchange (**TSXV**).

a) Breach of Section 57(a) of the BC Act

10. As at February 12, 2013, through four companies, Hable, along with his minor children, beneficially owned or controlled a total of 5,067,055 shares of Samaranta. The shares were held in accounts, over which Hable had control and direction, in Canada and Switzerland.

11. Between February 12 and February 15, 2013, Hable made efforts to sell 4,957,055 of his Samaranta shares. The shares were initially offered at \$0.03 per share on the TSXV on February 12, 2013, but none were sold. On February 13, 2013, Hable lowered the price to \$0.02 per share, following which 410,000 shares were sold. Hable was unable to sell the remaining shares.

12. On February 18, 2013, Samarium Group Holding (**Samarium**), submitted a letter to Samaranta indicating it was going to make a take-over bid for at least 51% of Samaranta's shares at \$0.12 per share. The letter was signed by Hable, and listed Hable as one of Samarium's directors.

13. On February 19, 2013, before the market opened, Hable drafted and issued a press release containing the terms of Samarium's proposed offer to acquire the Samaranta shares.

14. Prior to the market opening on February 19, 2013, and following Hable's issuing of the Samarium press release, his outstanding offers to sell 4,547,055 Samaranta shares for \$0.02 were withdrawn, and were then

reoffered for sale at \$0.04 per share. On the same day, Samaranta shares traded on the TSXV for two hours, before they were halted by the exchange at the request of Samaranta. During these two hours, there was a significant increase in both trading volume and price of its shares.

15. On February 19, 2013, Samaranta issued a press release indicating that it had no prior notice of Samarium's offer, even though one of Samarium's directors (Hable) was still a senior officer of Samaranta.
16. On February 20, 2013, Samaranta shares resumed trading. During the trading days of February 20, 21 and 22, 2013, Hable sold all of his remaining 4,657,055 Samaranta shares at prices between \$0.25 and \$0.55, for total proceeds of \$157,596.96.
17. On February 22, 2013, following Hable's sale of his Samaranta shares, Samarium issued a press release indicating that it was not proceeding with its previously announced take-over bid for the Samaranta shares. On February 25, 2013, Samaranta issued a press release stating that it was never provided with any evidence of Samarium's financial ability to carry out its announced take-over bid, and that Samaranta did not believe the offer was genuine.

b) Breach of Section 168.1(1)(a) of the BC Act

18. Following these events, the BCSC commenced its investigation. Between July and November 2015, BCSC Staff requested that Hable provide to the BCSC certain documents and proof of Samarium's financial ability to carry out its announced intention to complete a take-over bid for the shares of Samaranta. Hable did not supply any such documents or evidence.

19. In August 2016, the BCSC again asked Hable for these materials. Hable provided BCSC Staff with a document purporting to be the 2012 Annual Report for a company called Samarium Group (Holding) Pte. Ltd. (**Samarium Pte.**), described in the report as a Singapore-incorporated entity.
20. The Monetary Authority of Singapore, the government agency responsible for corporate registry of Singapore corporations, advised that it had no record of Samarium Pte. The BCSC Panel found the annual report to be an altered version of an unrelated company's annual report. Those alterations included replacing references to the unrelated company's name with references to Samarium, and alteration of certain dollar amounts. The BCSC Panel found all other text and numbers in the two annual reports to be identical.

c) Conclusion

21. In its Findings, the BCSC Panel concluded that:
 - a. Hable contravened section 57(a) of the BC Act by creating an artificial price for Samaranta securities; and
 - b. Hable contravened section 168.1(1)(a) of the BC Act by submitting a fabricated document to the BCSC.

(ii) The BCSC Order

22. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Hable:
 - a. under section 161(1)(d)(i) of the BC Act, Hable resign any position he holds as a director or officer of an issuer or registrant;
 - b. Hable is permanently prohibited:
 - i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;

- ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;
 - iii. under section 161(1)(d)(ii) of the BC Act, from becoming or acting as a director or officer of any issuer or registrant;
 - iv. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;
 - v. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and
 - vi. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;
- c. Hable pay to the BCSC \$157,596.96 pursuant to section 161(1)(g) of the BC Act; and
 - d. Hable pay to the BCSC an administrative penalty of \$400,000 under section 162 of the BC Act.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 23. Hable is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.
- 24. Pursuant to paragraph 4 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 may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 25. Staff allege that it is in the public interest to make an order against Hable.

26. 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 5th day of February, 2018.

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