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Securities Commission

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Court of Appeal issues decision in Douglas G. Rudolph Appeal

Halifax – The Nova Scotia Court of Appeal has issued its decision in an appeal by Douglas G. Rudolph of the decision of a hearing panel of the Nova Scotia Securities Commission in the matter of Douglas G. Rudolph, Peter A.D. Mill, CFG*CN Ltd., and CanGlobe International Capital Inc. (the Respondents).

In the decision dated May 9, 2023, the Court of Appeal reduced the disgorgement amount payable by Rudolph by \$250.00 “due to one minor error”, but otherwise dismissed the appeal, finding “no merit to any of the appellant’s objections” concerning “investigative techniques and hearing procedures”.

The Court’s decision upheld the Commission panel’s findings of fraudulent conduct and its approach to several issues common to many securities administrative proceedings, including the application of certain *Charter* principles, procedural fairness, the admission of hearsay evidence, the effect of continuing conduct on limitation periods, and the determination of appropriate amounts payable as penalties and disgorgement.

Rudolph had appealed the Commission’s decision that the Respondents obtained investments from Nova Scotians and others through issuances of promissory notes and loan agreements in a scheme involving abused trust and deception and the following violations of Nova Scotia securities laws:

- perpetrating fraud;
- engaging in unfair practices;
- acting as dealers without registration;
- making illegal distributions of securities;
- giving undertakings with respect to the future value of securities, with the intention of effecting a trade in such securities; and
- making untrue statements material to an investor with the intention of effecting a trade in securities.

The Commission also found that Rudolph violated Nova Scotia securities laws by acting as an adviser without registration.

In a separate sanction decision, the Commission had ordered that:

- each of the Respondents comply with Nova Scotia securities laws;

