

IN THE MATTER OF THE *SECURITIES ACT*,  
S.N.B. 2004, c. S-5.5

AND IN THE MATTER OF

**William Watson Priest**  
**(a.k.a William Watson Priest-Phillips)**

(Respondent)

---

## **STATEMENT OF ALLEGATIONS**

---

### **Allegation #1**

On or about 28 September 2012, the Respondent William Watson Earl Priest (a.k.a. William Watson Priest-Phillips, hereinafter referred to as "Priest") pleaded guilty and was convicted of nine counts of securities fraud contrary to sections 69(b) and 179(2)(c) of the *Securities Act*, S.N.B. 2004, c. S-5.5 (the "*Securities Act*"). The convictions concerned a distribution of debt securities to investors in New Brunswick. The investors suffered significant losses on the investments as a result of the frauds perpetrated by Priest.

### **Allegation #2**

Given the frauds perpetrated by Priest, the public interest requires that he be subject to a permanent order of the New Brunswick Securities Commission ("NBSC") imposing appropriate market bans pursuant to section 184(1) of the *Securities Act*.

### **Allegation #3**

Priest obtained amounts by virtue of the distribution of securities to the nine sets of investors, and in a manner that was non-compliant with New Brunswick securities law. The public interest requires that Priest be ordered to disgorge to the NBSC the amounts obtained via the distribution, for allocation to the investors.

### **The Respondent**

1. Priest is an individual presently incarcerated in a federal correctional institution in Nova Scotia. Priest was a resident of Nackawic, New Brunswick, at all times material to these allegations. Priest was employed as a mortgage broker prior to his conviction and incarceration.

### **The Convictions**

2. On 28 September 2012, Priest pleaded guilty and was convicted on nine counts of securities fraud, contrary to sections 69(b) and 179(2)(c) of the *Securities Act*. A

New Brunswick Provincial Court Judge sentenced Priest to 3 years on each count, to be served concurrently.

3. As a result of the convictions, the issue of Priest's non-compliance with, and contravention of, New Brunswick securities law is res judicata as it relates to the securities issued to the nine sets of investors.

#### **Particulars of the Debt Securities Issued to the Nine Sets of Investors**

4. The distribution of securities conducted by Priest in respect of the nine sets of investors involved him, or a company controlled by him, borrowing money from the investors and issuing promissory notes or loan agreements ("debt securities") in return.
5. The investors paid the money to Priest directly, whether or not he or his company issued the associated debt security. Priest used all funds obtained from the investors for personal expenses, or to make payments to investors.
6. Between September 2008 and December 2008, Priest obtained \$145,000 from Investor #1 and issued her debt securities in respect of the investments. Priest repaid Investor #1 a total of \$55,000.
7. In May 2009, Priest obtained \$150,200.95 from Investors #2&3, and issued them a debt security in respect of the investment. Priest repaid Investors #2&3 a total of \$20,085.
8. Between June 2008 and August 2010, Priest obtained a total of \$269,581.87 from Investors #4&5, and issued them a series of debt securities reflecting the various amounts owing to them over time in respect of the investments. Priest repaid Investors #4&5 a total of \$114,500.
9. Between July and October 2010, Priest obtained a total of \$50,000 from Investor #6, and issued him debt securities in respect of the investments. Priest did not repay any of the debt.
10. In May of 2010, Priest obtained \$50,000 from Investor #7, and issued her a debt security in respect of the investment. Priest repaid Investor #7 a total of \$46,500.
11. In January 2011, Priest obtained \$50,000 from Investor #8, and issued a debt security in respect of the investment. Priest did not repay any of the debt.
12. In November or December of 2010, Priest obtained \$10,000 from Investor #9, and issued her a debt security in respect of the investment. Priest did not repay any of the debt.
13. In October 2010, Priest obtained \$29,000 from Investor #10, and issued him a debt security in respect of the investment. Priest repaid Investor #10 a total of \$7,800.

14. Between January 2009 and October 2010, Priest obtained a total of \$45,000 from Investor #11, and issued her debt securities in respect of the investments. Priest repaid Investor #11 a total of \$19,900.
15. The debt securities were issued by Priest in breach of the prospectus requirement under section 71(1) of the Securities Act.

**Relief Requested**

16. Staff seeks an order pursuant to section 184(1)(c)(ii) of the Securities Act, that Priest cease trading securities in New Brunswick permanently, or for such period as the Commission may determine.
17. Staff seeks an order pursuant to section 184(1)(d) of the Securities Act, that any exemptions under New Brunswick securities law do not apply to Priest permanently, or for such period as the Commission may determine.
18. Staff seeks an order pursuant to section 184(1)(i) of the Securities Act that Priest be prohibited from becoming or acting as an officer or director of any issuer, registrant of mutual fund manager permanently, or for such period as the Commission may determine.
19. Staff seeks an order pursuant to section 184(1)(p) of the Securities Act, that Priest disgorge to the Commission all amounts obtained as a result of any non-compliance with New Brunswick securities law.
20. Staff seeks an order that Priest pay hearing costs pursuant to section 185(2) of the Securities Act.

DATED at the City of Saint John this 12<sup>th</sup> day of February 2013.

"original signed by"

---

Mark McElman  
Counsel to Staff of the Commission

New Brunswick Securities Commission  
Suite 300, 85 Charlotte Street  
Saint John, New Brunswick E2L 2J2

Tel: (506) 658-3117  
Fax: (506) 643-7793

mark.mcelman@nbsc-cvmnb.ca