

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20753**

<p><b>In the Matter of</b></p> <p><b>Validian Corp.,</b></p> <p><b>Respondent.</b></p>
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**DIVISION OF ENFORCEMENT’S MOTION FOR DEFAULT**  
**AGAINST VALIDIAN CORP., MOTION FOR**  
**EXPEDITED CONSIDERATION , AND BRIEF IN SUPPORT**

**Motion**

On February 11, 2022, the Securities and Exchange Commission (“Commission”) issued an Order Instituting Proceedings (“OIP”) against Validian Corp. (“VLDI”<sup>1</sup> or “Respondent”) pursuant to Section 12(j) of the Securities Exchange Act of 1934 (“Exchange Act”) to determine the whether the registration of VLDI’s securities should be revoked. VLDI’s securities are currently registered with the Commission pursuant to Section 12(g) of the Exchange Act. VLDI is delinquent in filing its mandated periodic filings, having not filed a periodic report since it filed a Form 10-Q for the period ended September 30, 2019. VLDI was served with the OIP on February 17, 2022, and has never appeared in this proceeding. The Division of Enforcement (the “Division”) hereby moves for an Order, pursuant to Rule 155(a)(2) of the Commission’s Rules of Practice, finding Respondent VLDI to be in default in this proceeding and revoking the registration of each class of its securities registered pursuant to Exchange Act Section 12(g).

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<sup>1</sup> VLDI is the ticker symbol for Validian Corp.

Because VLDI filed a Form 15 on February 22, 2022, which will become effective on Monday, May 23, 2022, the Division further moves for an Order by the Commission that grants expedited consideration of this Motion. The Division requests that the Commission enter its decision by Friday, May 20, 2022, before VLDI's Form 15 becomes effective, and the Commission loses the jurisdiction to enter remedies available under Exchange Act Section 12(j).

### **Brief in Support**

#### **I. Status of the Proceeding**

Respondent VLDI is a Nevada corporation located in Ottawa, Canada, with a class of securities registered with the Commission pursuant to Exchange Act Section 12(g). VLDI is delinquent in its periodic filings with the Commission, having not filed any periodic reports since it filed a Form 10-Q for the period ended September 30, 2019. On February 11, 2022, the Commission issued the OIP in this proceeding. As set forth in the Declaration of Gina Joyce to Assist Secretary with Record of Service, the OIP was served upon VLDI on February 17, 2022. VLDI did not file an answer on or before the deadline set for filing an answer, and is thus in default. On March 18, 2022, the Commission issued an Order to Show Cause by April 1, 2022 why the registration of VLDI's securities should not be revoked, and noted that VLDI had filed a Form 15 on February 22, 2022.

On April 21, 2022, the Commission issued an Order Requesting Briefs, directing the Division to explain whether the Division requests that the Commission expedite the proceeding against Respondent VLDI. The Division is requesting that the Commission expedite this proceeding.

## **II. Motion for Default**

VLDI is delinquent in its filings with the Commission. VLDI has not filed a periodic report since it filed a Form 10-Q for the period ended September 30, 2019. Respondent has not filed an answer or otherwise appeared in this proceeding. Accordingly, the Division moves for an Order by the Commission, pursuant to Rule 155(a)(2), finding Respondent VLDI to be in default in this proceeding and ordering the revocation of each class of Respondent's securities registered pursuant to Exchange Act Section 12(g).

## **III. VLDI's Form 15 and the Division's Request for Expedited Consideration of this Motion**

On February 22, 2022, presumably in response to this proceeding, VLDI filed a Form 15 to voluntarily terminate the registration of its securities. This Form will not take effect until Monday, May 23, 2022. After the Form 15 becomes effective, the Commission will lose its jurisdiction to enter the remedies available under Exchange Act Section 12(j). The Division therefore moves for an Order granting expedited consideration of this motion, such that any final order will be entered by Friday, May 20, 2022, prior to the effective date of Respondent's Form 15.

Currently, VLDI's common stock trades on the Expert Market of OTC Link, operated by OTC Markets Group Inc. ("Expert Market"). Since VLDI common stock trades on the Expert Market, broker-dealers may publish unsolicited quotations of VLDI common stock, representing limit orders for retail and institutional investors. *See Publication or Submission of Quotations Without Specified Information (Final Rule)*, Exchange Release No. 34-89891 at 221, n. 646 (September 16, 2020), 85 FR 68124, 68172 (Oct. 27, 2020); *see also* Nuoncology Labs, Inc., Issuer Response to Comment

Letter, 10-12G, February 07, 2022, available on Westlaw (securities that trade on the Expert Market “are restricted from public viewing and only broker-dealers and professional or sophisticated investors are permitted to view quotations.”). In other words, if a cold caller convinces a retail investor to purchase VLDI common stock, the investor cannot purchase it through an on-line account, but must contact a broker-dealer to obtain a quote, and then can purchase (or sell) VLDI common stock through a broker-dealer. The Expert Market is a step above the Grey Market. Grey Market securities can still be purchased and sold on the over-the-counter market through a broker-dealer network, but broker-dealers cannot publish quotations of Grey Market securities. “Trading in the grey market, where no quoted prices are available for buyers and sellers to transact...involves manual efforts to locate the other side of a trade.”) *Publication or Submission of Quotations Without Specified Information (Final Rule)*, Exchange Release No. 34-89891 at 71-72; (September 16, 2020), 85 FR 68124, 68172 (Oct. 27, 2020). The Commission does not “restrict investors from trading OTC securities without quotations on the grey market.” *Id.* at 241.

Ninety days after an issuer files a Form 15, the issuer’s securities are migrated to the Grey Market. If VLDI’s Form 15 becomes effective, then trading in VLDI securities would migrate from the Expert Market to the Grey Market, meaning that VLDI securities could still be traded, though with more difficulty.

Revocation is appropriate here because revocation prevents VLDI securities from being traded at all. Allowing VLDI’s Form 15 to become effective, and consequently allowing Respondent’s securities to trade in the Grey Market, would reward Respondent for ignoring the administrative process. The Commission should not reward VLDI in

such a manner, nor should the Commission forgive Respondent's past violations of its reporting requirements.

Even in the absence of the instant motion, the Commission could exercise its discretion to expedite its consideration of the Section 12(j) proceedings because the issuer filed a Form 15 to circumvent the administrative process. *See, e.g., WorldNet, Inc. of Nevada*, Exchange Act Release No. 94391, 2022 WL 716097, at \*2 (Mar. 9, 2022); *Piedmont Mining Co.*, Exchange Act Release No. 90998, 2021 WL 302893, at \*3 (Jan. 27, 2021). However, in this case, the Division moves for an Order granting expedited consideration of the Division's Motion for Default and revocation of VLDI's registration of its securities by Friday, May 20, 2022.

Since its revitalization in 2004, the delinquent filers program has resulted in revocation of the registrations of over 5,000 Exchange Act Section 12 issuers. On similar facts in contested proceedings, the Commission has revoked the securities registration of literally thousands of defaulting respondents. The failure to revoke the registrations of issuers that file a valid Form 15 after institution of a 12(j) proceeding would provide a road map for future delinquent issuers that are respondents in 12(j) proceedings to avoid sanctions for their violations, and weaken the deterrent effect of 12(j) proceedings.

Both the Commission and Administrative Law Judges have previously held that the filing of a Form 15 by an issuer does not preclude the entry of a revocation order. *See, e.g., Brightlane Corp.*, Exchange Act Release No. 93855, 2021 WL 6105920 at \*2 - 3 (December 22, 2021) (Commission Decision); *NXChain, Inc. f/k/a AgriVest America, Inc., et al.*, Exchange Act Release No. 87652, 2019 WL 6528959 at \*2 - 3 (December 3, 2019) (Commission Decision); *Cirtran Corp., Conolog Corp., Blink Techs., Inc. (f/k/a*

*Epunk, Inc.*, & *World Surveillance Grp., Inc.*, 2017 WL 1953457 at \*8 (May 11, 2017) (ALJ Initial Decision) and Finality Order, Release No. 81533 (September 7, 2017).

Revocation of VLDI's registration of its securities by Friday, May 20, 2022 is appropriate here.

### **Conclusion**

For the reasons set forth above, the Division respectfully requests that the Commission grant the Division's Motion for Default as to Respondent Validian Corp., and enter an order revoking the registration of each class of its securities registered pursuant to Exchange Act Section 12(g). The Division further requests that the Commission grant the Division's Motion for expedited consideration of the Division's Motion for Default, with a final decision being entered on or before May 20, 2022, prior to the effective date of Respondent's Form 15.

Dated: April 28, 2022

Respectfully submitted,

*/s/ Gina Joyce*

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the Notice of Appearance of Samantha Williams and Gina Joyce as Co-Counsel for Division of Enforcement was served on April 28, 2022, in the manner indicated below:

By eFap:

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CANADA

/s/ Gina Joyce  
Gina Joyce