

ALBERTA SECURITIES COMMISSION

NOTICE OF HEARING

Citation: Re Edmundson, 2015 ABASC 938

Date: 20151103
Docket: ENF-009777

Securities Act, RSA 2000, c S-4, as amended (Act)

To: Kenneth Gilbert Edmundson and Robert Lionel Edmundson

Notice: The Alberta Securities Commission (the **Commission**) will convene at **2:00 p.m. on Thursday, December 10, 2015 (Set Date)**, at Calgary, Alberta, to set a date for hearing regarding the allegations in this Notice. At the hearing, the Commission will consider whether it is in the public interest to make orders against you under sections 198, 199, and 202 of the *Act*.

Location: Alberta Securities Commission, 5th Floor, 250 – 5 Street SW, Calgary, Alberta.

Procedure:

1. You may obtain disclosure and particulars of the allegations in this Notice from Heather Currie, c/o Alberta Securities Commission, 600, 250 - 5 Street SW, Calgary, Alberta, T2P 0R4, telephone: 403.592.3054, email: heather.currie@asc.ca.
2. You may be represented by legal counsel and you or your counsel may make representations and introduce relevant evidence.
3. If you or your counsel fail to attend at the Set Date, or as directed, the hearing may proceed in your absence and an order may be made against you without further notice.

See attached sections 29, 198, 199, and 202 of the Act, and Commission Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.

Parties

1. Kenneth Gilbert Edmundson (**Kenneth**) is an Alberta resident. He has been registered under the *Act* to deal in mutual funds since 2011.
2. Robert Lionel Edmundson (**Robert**) is a Manitoba resident, and brother to Kenneth. He has never been registered under the *Act*, nor under any other provincial securities laws.

Circumstances

3. In 2007, British Columbia resident Brent Glen Jardine (**Jardine**) was sanctioned by the British Columbia Securities Commission (**BCSC**). The sanction included a two year ban from acting as a director or officer of any issuer commencing October 4, 2007 (the **Ban**).
4. In spring 2008, Kenneth was offered by Jardine, his friend of 15 years, an opportunity to make money by acting as a nominee director and officer of a shell corporation, which was to become quoted on the US over-the-counter markets (**OTC Markets**).
5. Kenneth was at all material times a sophisticated capital market participant, having passed the Canadian Securities Course, Professional Financial Planning Course, Conduct and Practices Handbook Course, and Canadian Investment Funds Course between 1996 and 2010. Kenneth worked in the financial industry for over 15 years as a dealer and adviser, and at firms including Wealthstreet, Canaccord Capital, Raymond James, Freedom 55 Financial, Macam Investor Relations, London Life Insurance Company, and Quadrus Investment Services Ltd.
6. Kenneth and Robert (collectively, the **Respondents**) agreed to act as nominee directors and officers, take all corporate governance direction from Jardine and his agent, and recruit Alberta and Manitoba seed shareholders for which they would be, and were, remunerated.
7. Claridge Ventures, Inc. was incorporated in Nevada on May 7, 2008 (the **Company**), at the direction of Jardine, the undisclosed *de facto* director and officer.
8. From 2008 to 2013 (the **Relevant Period**), public disclosure of the Company, including filings with the US Securities and Exchange Commission (**SEC**), the Financial Industry Regulatory Authority (**FINRA**), and corporate registries (collectively, the **Disclosure**), contained the following representations:
 - (a) the Company had a head office in Alberta,
 - (b) the Respondents were the sole directors and officers,
 - (c) the Company was authorized to issue 100,000,000 common shares at \$0.001 par value,
 - (d) the Respondents were the majority shareholders, together owning and controlling 5,000,000 common shares (60.36%), of which:

- (i) Kenneth owned and controlled 3,000,000 shares, 36.22%, and
 - (ii) Robert owned and controlled 2,000,000 shares, 24.14%,
 - (e) the Respondents solicited over 40 Alberta and Manitoba seed shareholders (the **Seed Shareholders**), under an initial private offering and under the close friends, family, and business associates exemption,
 - (f) the Company was in the purported business of land mineral exploration then vitamin water,
 - (g) the Respondents passed unanimous directors' resolutions affecting the Company's share structure, auditor appointment, and purported transactions.
9. In May 2009 and in reliance on the Disclosure, FINRA approved the Company for quotation on the OTC Markets, and assigned the trading symbol "CLR V".
10. By July 2013, the Respondents resigned from their nominee director and officer positions at the direction of Jardine. Around that time the Company underwent a reorganization (the **Reorganization**), which included:
- (a) a change of head office address from Alberta to Indonesia,
 - (b) the appointment of a new director and officer, and
 - (c) a name change to "Indo Global Exchange(s) Pte, Ltd.".
11. As a result of the Disclosure and the Reorganization, FINRA assigned to the Company the transitory symbol "CLRVD" effective August 6, then "IGEX" effective September 4, 2013.
12. In September 2013, the online newsletter "Aim High Profits" released paid promotions (the **Paid Promotions**) touting shares in the Company in the following manner:
- "At just \$1.50, you're talking about gains of 89%,*
- At just \$2, we're looking at 153% gains.*
- If IGEX hits \$5, let's just say "Mama" gets whatever she wants this Xmas."*
13. The Commission issued a Corporate Finance cease trade order against the Company on May 2, 2013, as varied to reflect the Company's name change (the **CTO**).
14. To date the CTO has not been revoked.
15. The BCSC issued a Notice of Hearing against Jardine and the Company on June 11, 2015 for offences relating to the foregoing allegations.

Misconduct

16. Contrary to the Disclosure, the Respondents were nominee directors and officers, in other words, in name only. The Respondents signed resolutions, filings, and made payments as directed and prepared by Jardine and his agent.
17. By acting as nominee directors and officers of the Company, the Respondents enabled Jardine's efforts to evade the Ban and application of British Columbia securities laws regulating over-the-counter issuers (the **BC OTC Rule**).

Misrepresentations by the Respondents

18. During the Relevant Period, the Respondents made multiple statements and omissions in the Disclosure that each knew or reasonably ought to have known were, in a material respect, misleading or untrue or failed to state a fact that was required to be stated or was necessary to make the statements not misleading, including:
 - (a) the misleading or untrue statements the Respondents exerted a controlling mind or independent thought or action over the Company when in fact they did not,
 - (b) the untrue statements that the Respondents were the directors and officers of the Company when in fact they never intended to and did not so act,
 - (c) the omission of fact that Jardine was the *de facto* director and officer,
 - (d) the untrue statements the Respondents were running the purported business from Alberta and the omission Jardine was in fact running the purported business from British Columbia,
 - (e) the untrue or misleading statements the Respondents owned and controlled a share majority and could therefore make guiding decisions together when in fact neither physically nor beneficially owned any shares,
 - (f) the misleading or untrue statements that Kenneth would devote approximately 10 hours per week or 25% of his working time to the business of the Company and Robert would contribute as needed when in fact neither made, nor intended to make, any meaningful or legitimate contributions,
 - (g) the misleading or untrue statements that the Respondents would invest their own time and resources into understanding the business, when in fact neither made, nor intended to make, any such efforts,
 - (h) the misleading or untrue statements the Respondents had negotiated and entered into agreements relating to land mineral exploration and vitamin water when in fact they had no knowledge of these purported transactions,
 - (i) the misleading or untrue statements that the Respondents intended to complete specific operational benchmarks when in fact the Respondents believed and understood there would be no actual business operations,

- (j) the misleading or untrue statements the Respondents passed unanimous directors' resolutions affecting corporate governance matters, and
- (k) the omission of fact that from the outset the Company was to be a shell corporation created for the primary purpose of obtaining quotation status on the OTC Markets,

(collectively, the **Misrepresentations**).

19. The Respondents knew, or reasonably ought to have known, that all or some of the Misrepresentations were materially misleading and/or untrue and would reasonably be expected to have a significant effect on the market price or value of the Company's shares.
20. But-for all or some of the Misrepresentations made by the Respondents in the Disclosure, the Company:
 - (a) would not be in existence, due to the Ban prohibiting Jardine from acting as a director and officer,
 - (b) would not have received 100,000,000 initial authorized common shares,
 - (c) would be subject to British Columbia jurisdiction and therefore subject to compliance with, and restrictions imposed by, the BC OTC Rule,
 - (d) would not have received capital from the Seed Shareholders raised by the Respondents under the close friends, family and business associates exemption,
 - (e) would not have appeared to be a legitimate going concern in the Disclosure,
 - (f) would not have obtained quotation status on the OTC Markets, being a mass, global electronic trading platform,
 - (g) would not have been able to have its share price and volume traded in a manner characteristic of a pump-and-dump scheme, including:
 - (i) an initial distribution of 8,285,000 common shares at a par value of \$0.001,
 - (ii) an increase to \$0.70 per share in September 2013, coinciding with the Paid Promotions, and
 - (iii) a drop down to \$0.003 per share, trading at volumes in excess of 600,000,000, in December 2013.

Breaches

21. As a result of the above, Staff of the Commission allege that the Respondents breached section 92(4.1) of the *Act*.

22. Staff further allege that the Respondents' misconduct described above constitutes conduct that is contrary to the public interest.

Calgary, Alberta, 3 November
2015.

) ALBERTA SECURITIES COMMISSION
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) *"Original Signed By"*
) _____
) David C. Linder, Q.C.
) Executive Director