

ALBERTA SECURITIES COMMISSION
SETTLEMENT AGREEMENT
AND UNDERTAKING

Citation: Re Edmundson, 2015 ABASC 993

Date: 20151222
Docket: ENF-009777

Kenneth Gilbert Edmundson

Agreed Facts

Introduction

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into Kenneth Gilbert Edmundson (**Edmundson**) to determine if Alberta securities laws had been breached.
2. The investigation confirmed and Edmundson admits that he breached those sections of the *Securities Act*, RSA 2000, c S-4, as amended, (**Act**), referred to in this Settlement Agreement and Undertaking (**Agreement**), and that he acted contrary to the public interest.
3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to in paragraph 30 and for no other use or purpose, Edmundson agrees to the facts and consequences set out in this Agreement.
4. Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

Parties

5. Edmundson is an Alberta resident. He has been registered under the *Act* to deal in mutual funds since 2011.

Circumstances

6. 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**).
7. In spring 2008, Edmundson 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**).

8. Edmundson 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. Edmundson 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.
9. Edmundson agreed to act as nominee director and officer, take all corporate governance direction from Jardine and his agent, and recruit Alberta seed shareholders.
10. 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.
11. 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:
 - 11.1 the Company had a head office in Alberta,
 - 11.2 Edmundson was a director and officer,
 - 11.3 the Company was authorized to issue 100,000,000 common shares at \$0.001 par value,
 - 11.4 Edmundson owned and controlled 3,000,000 shares, 36.22%,
 - 11.5 Edmundson solicited over 20 Alberta seed shareholders (the **Seed Shareholders**), under an initial private offering and under the close friends, family, and business associates exemption,
 - 11.6 the Company was in the purported business of land mineral exploration then vitamin water,
 - 11.7 Edmundson passed director resolutions affecting the Company's share structure, auditor appointment, and purported transactions.
12. In May 2009 and in reliance on the Disclosure, FINRA approved the Company for quotation on the OTC Markets, and assigned the trading symbol "CLRV".
13. By July 2013, Edmundson had resigned as nominee director and officer at the direction of Jardine. Around that time the Company underwent a reorganization (the **Reorganization**), which included:
 - 13.1 a change of head office address from Alberta to Indonesia,
 - 13.2 the appointment of a new director and officer, and

- 13.3 a name change to "Indo Global Exchange(s) Pte, Ltd.".
14. 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.
15. 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."*
16. 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, for failure to file interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim periods ended October 31, 2012 and January 31, 2013 (the **CTO**).
17. To date the CTO has not been revoked.
18. The BCSC issued a Notice of Hearing against Jardine and the Company on June 11, 2015 for offences relating to the foregoing allegations.

Misconduct

19. Contrary to the Disclosure, Edmundson was a nominee director and officer in name only.
20. Edmundson signed resolutions, filings, and made payments as directed and prepared by Jardine and his agent.
21. Through the course of his actions, Edmundson 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 Edmundson

22. During the Relevant Period, Edmundson made multiple statements and omissions in the Disclosure that he 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:
- 22.1 the misleading and untrue statements Edmundson exerted a controlling mind or independent thought or action over the Company when in fact he did not,

- 22.2 the misleading and untrue statements that Edmundson was a director and officer of the Company when in fact he never intended to and did not so act,
- 22.3 the omission of fact that Jardine was the *de facto* director and officer,
- 22.4 the misleading and untrue statements Edmundson was running the purported business from Alberta and the omission Jardine was in fact running the purported business from British Columbia,
- 22.5 the misleading and untrue statements Edmundson was a controlling shareholder and could therefore make guiding decisions when in fact he neither physically nor beneficially owned any shares,
- 22.6 the misleading and untrue statements that Edmundson would devote approximately 10 hours per week or 25% of his working time to the business of the Company when in fact he never made, nor intended to make, any meaningful or legitimate contributions,
- 22.7 the misleading and untrue statements Edmundson had negotiated and entered into agreements relating to land mineral exploration and vitamin water when in fact he had no knowledge of these purported transactions,
- 22.8 the misleading and untrue statements that Edmundson intended to complete specific operational benchmarks when in fact Edmundson believed and understood there would be no actual business operations,
- 22.9 the misleading or untrue statements Edmundson passed director resolutions affecting corporate governance matters, and
- 22.10 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**).

- 23. Edmundson reasonably ought to have known that the Misrepresentations were materially misleading and untrue and would reasonably be expected to have a significant effect on the market price or value of the Company's shares.

Admitted Breaches of Alberta securities laws (Admitted Breaches)

- 24. Based on the foregoing agreed facts, Edmundson admits he breached s 92.4(4.1) of the *Act* and in doing so acted contrary to the public interest.

Circumstances Relevant to Settlement

- 25. Edmundson has not been previously sanctioned by the Commission.
- 26. Edmundson cooperated with Staff during the investigation.

27. For his involvement as nominee director and officer, Edmundson was paid approximately \$3,000 by Jardine.
28. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement and Undertakings

29. Based on the agreed facts and admitted breaches set out in this Agreement, Edmundson agrees and undertakes to the Executive Director of the Commission:
 - 29.1 to resign from any positions that he holds as a director or officer of any issuer, registrant or investment fund manager in Alberta, and refrain from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager in Alberta, for 8 years from the date of this Agreement;
 - 29.2 to pay to the Commission the amount of \$11,000 in settlement of the allegations; and
 - 29.3 to pay to the Commission the amount of \$1,500 costs of the investigation of this matter.

Administration

30. Edmundson acknowledges that he received or has waived his right to independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.
31. Edmundson waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
32. Edmundson acknowledges that this Agreement may be referred to solely for securities regulatory purposes in Alberta and elsewhere.
33. Execution and fulfillment of the terms of this Agreement by Edmundson resolves all issues involving Edmundson relating to the conduct described above, and Staff will take no further steps against him arising from these facts.

34. This Agreement may be executed electronically and in counterpart.

Signed by KENNETH GILBERT)
EDMUNDSON at Calgary, Alberta this)
21 day of December 2015, in the)
presence of:)

WITNESS NAME)

WITNESS NAME)

"Original Signed By")

SIGNATURE)

) ALBERTA SECURITIES COMMISSION

)

Calgary, Alberta, 22 December 2015)

) "Original Signed By" _____

) David C. Linder, Q.C.

) Executive Director