

ALBERTA SECURITIES COMMISSION

Citation: Re Anderson, 2019 ABASC 51

Docket: ENF-010137

Date: 20190308

SETTLEMENT AGREEMENT AND UNDERTAKING

Norman David Anderson

Agreed Facts

Introduction

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into the activities of Bluforest, Inc., and trading in its securities, to determine if Alberta securities laws had been breached.
2. The investigation confirmed, and Norman David Anderson (**Anderson**) admits, that he breached those sections of the *Securities Act*, R.S.A. 2000, c. S-4, as amended, (**Act**), referred to in this Settlement Agreement and Undertaking (**Agreement**).
3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to in paragraph 28 and for no other use or purpose, Anderson 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. Anderson is a Calgary, Alberta, resident. He was, at all material times, a lawyer at a Calgary based law firm (**Firm**). Anderson states he or the Firm have acted on behalf of Cem (Jim) Can (**Can**) since approximately 2002.

Circumstances

6. Bluforest, Inc., (formerly Greenwood Gold Resources Inc., hereafter referred to as **Bluforest**) was a Nevada U.S.A. (**U.S.**) based corporation, whose securities were quoted

for trading on the U.S. OTC Markets Group Inc. quotation board (**OTC**). Bluforest's current status with the Nevada Secretary of State is listed as "Revoked".

7. In December 2010, Can acquired control of the shareholdings of Bluforest. At all material times thereafter, Can exercised direction and control over Bluforest and its activities.
8. In January 2011, Can informed Anderson that he had identified an entity in Belize, IPC Corporate Services LLC (**IPC**), that provided offshore international business companies (**IBCs**) for incorporation or use. Anderson states Can instructed him to incorporate an IBC for Can's use.
9. Anderson delivered to IPC on January 3, 2011, a request for incorporation of an IBC known as Lightship Capital Management Inc. (**Lightship**). In his request, Anderson delivered to IPC a copy of his passport, a reference letter from a Calgary lawyer, a reference letter from his bank, and a copy of a home internet account statement. Anderson provided his work address and contact details at the Firm for Lightship, and after its incorporation was named its President.
10. In July 2011, Anderson received an invoice from IPC for fees associated with Lightship. That same month, Anderson completed and signed a Client Identity Verification Form as beneficial owner of an account for Lightship at Legacy Global Markets S.A. of Panama City, Panama (with an office in Belize). Anderson states this was done on instructions from Can.
11. In February 2012, Bluforest undertook a 500:1 reverse stock split, reducing the issued and outstanding shares from 211,699,975 to 424,500.
12. In April 2012, Anderson received communications from Bluforest's advisors relating to the settlement by Bluforest of an invoice from North American Investments, dated January 15, 2011, for \$60,000, for "consulting services" (**NAI** and **NAI Invoice**). The settlement of the NAI Invoice involved Bluforest issuing 25,000,000 shares from treasury to various offshore entities to whom NAI had purportedly assigned the debt.
13. No such company – NAI – existed at the time. The NAI address on the NAI Invoice was Anderson's home. Anderson states he was unaware his residential address had been used for this purpose.
14. The recipients of the 25,000,000 Bluforest shares included IBCs Lightship, Starglow International Inc. (**Starglow**), Atlantis Properties Ltd. (**Atlantis**), Lightblue Advisors Ltd. (**Lightblue**), and NAI. Lightship was in Anderson's name, and controlled by Can, and Can owned or controlled Starglow, Atlantis, and Lightblue. The shares were issued to the IBCs at a price per share of \$0.0024.
15. Anderson was aware by mid 2012 that Can was engaging in the sale of Bluforest shares to Alberta residents through his company Mainland Investments Ltd.
16. On July 31, 2012, Bluforest became a reporting issuer in Alberta.

17. On January 23, 2013, Bluforest undertook a 30:1 reverse stock split, reducing the issued and outstanding shares from 104,193,166 to 3,474,000.
18. On January 30, 2013, Bluforest settled two purported debts totalling \$900,000 through the issuance of 100,000,000 shares to various individuals and companies (including Miller, Lightship, Starglow, Atlantis, Lightblue, and North American Investments Ltd.). Anderson states he was not aware of these debt settlements by Bluforest.
19. During 2013, Can organized and directed a promotional campaign (**Promotional Campaign**) intended to artificially inflate the price and volume of Bluforest securities on the OTC. The Promotional Campaign used third-party electronic and hard copy mailers to disseminate to the market false or misleading positive information regarding Bluforest.
20. In mid 2013, particularly July and August, Anderson was aware that Bluforest shares were trading in large volumes on the OTC. In July 2013, a Staff investigator sent an email to Anderson, in his role as then-counsel to Can, expressing concern about a recent marked increase in unsolicited spam about Bluforest.
21. In August 2013, at Can's direction, Anderson completed and signed a Client Identity Verification Form as beneficial owner of an account for Lightship at Unicorn International Securities LLC of Belize (**Unicorn**). Anderson knew that Unicorn was controlled and operated by Can.

Admitted Breaches of Alberta securities laws (Admitted Breaches)

22. Based on the Agreed Facts, Anderson admits that he breached section 93(a)(ii) of the *Act*, by engaging or participating in an act, practice or course of conduct relating to Bluforest securities that he ought to have known resulted in or contributed to an artificial price for those securities.

Circumstances Relevant to Settlement

23. Anderson has not been previously sanctioned by the Commission. He gave multiple compelled sworn statements to Staff, and cooperated with Staff during the investigation.
24. Over time, Anderson viewed Can as not only a client but a friend. Anderson states Can improperly utilized personal information belonging to Anderson without his consent.
25. Anderson states he did not execute any trades in the Lightship trading accounts.
26. Anderson was not directly aware of the Promotional Campaign at the time, but acknowledges he failed to take proper or sufficient steps to identify if Can, through his control of Bluforest and use of Lightship and other IBCs, was engaging or participating in an act, practice or course of conduct relating to Bluforest securities that resulted in or contributed to an artificial price for those securities.
27. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement and Undertakings

28. Based on the Agreed Facts and Admitted Breaches, Anderson agrees and undertakes to the Executive Director of the Commission to:
- 28.1 Pay to the Commission a monetary settlement of \$70,000, plus \$20,000 in costs;
 - 28.2 Be prohibited for a period of 8 years from:
 - 28.2.1 acting as a director or officer, or both, of any issuer—with the exception he can act in those capacities with respect to a single professional corporation known as N. D. Anderson PC;
 - 28.2.2 providing securities related legal services, with the exception he can represent litigants in disputes involving those matters;
 - 28.2.3 acting in a management or consultative capacity in connection with activities in the securities market; and
 - 28.2.4 acting as a trustee or beneficiary for any issuer, trust or other entity for the benefit of any clients or former clients.
 - 28.3 Resign as a director and officer of Norman D. Anderson Professional Corporation within thirty days of the execution of this Agreement; and
 - 28.4 Resign as a trustee of the Anderson Family Trust once partnership interests with the Firm have been resolved.

Administration

- 29. Anderson acknowledges that he received independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.
- 30. Anderson waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
- 31. Anderson acknowledges and agrees that the Commission may enforce this Agreement in the Court of Queen's Bench or in any other court of competent jurisdiction.
- 32. Anderson understands and acknowledges that this Agreement may form the basis for securities-related orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow for provisions of a settlement agreement made in this matter to be given parallel effect in those other jurisdictions automatically, without further notice to him. Anderson understands and acknowledges that he should contact the securities regulator of any other jurisdiction in which he may intend to engage in any securities related activities.

- 33. Execution and fulfillment of the terms of this Agreement by Anderson resolves all issues involving Anderson 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 in counterpart.

Signed by Norman David Anderson at)
Calgary, Alberta, this 7 day of March,)
2019, in the presence of:)

_____)
WITNESS NAME)
_____)
WITNESS NAME)

_____)
“Original Signed By”)
SIGNATURE)

Per: *“Original Signed By”* _____
Norman David Anderson

) ALBERTA SECURITIES COMMISSION
)

Calgary, Alberta, 7 March 2019)

) *“Original Signed By”* _____
) Lara Gaede
) Acting Executive Director