

ALBERTA SECURITIES COMMISSION

Citation: Re Baron, 2025 ABASC 76

File No.: ENF-012393

Date: 20250529

SETTLEMENT AGREEMENT AND UNDERTAKING

Michael Baron

Regulatory Message

Market manipulation strikes at the heart of capital markets. The integrity of these markets relies on prices being established through legitimate, arm's length transactions that reflect genuine supply and demand. When participants engage in manipulative practices – whether through false trades, misleading signals, or artificial price movements – they distort this price discovery process and mislead investors. This conduct not only harms individual investors, but also erodes public confidence in the fairness and transparency of the market as a whole.

Market integrity is not negotiable. Manipulative trading is a form of fraud. It is fundamentally incompatible with core regulatory objectives of investor protection, market fairness and public trust. The Alberta Securities Commission will take firm and proportionate action against the serious threat such misconduct poses to the credibility and efficiency of our capital market.

Agreed Facts

Introduction

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into Michael Baron (**Baron**) to determine if Alberta securities laws had been breached.
2. After conducting the investigation, Staff issued a Notice of Hearing on April 2, 2024 (the **NOH**), alleging that Baron, as well as Rahim Shiraz A-K Mohamed (also known as Rahim Shiraz Ali Abdul Karim Karmali Mohamed), Alnoor Fatehali Nathoo and Marc Evan Levy (collectively, the **Respondents**) breached Alberta securities laws, including breaching section 93(1)(a) of the *Securities Act*, RSA 2000, c S-4, as amended (the **Act**) by directly or indirectly engaging or participating, or attempting to engage or participate, in an act, practice or course of conduct related to a security that they knew or reasonably ought to have known may result in or contribute to:
 - 2.1 a false or misleading appearance of trading activity in a security; or

- 2.2 an artificial price for a security.
3. The investigation confirmed, and Baron admits that he breached those sections of the *Act* referred to in this Settlement Agreement and Undertaking (**Agreement**).
 4. 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, Baron agrees to the facts and consequences set out in this Agreement.
 5. Terms used in this Agreement have the same meaning as provided in Alberta securities laws, a defined term in the *Act*.

Parties

6. Baron is an individual who resides in Abbotsford, British Columbia.
7. Softlab9 Software Solutions Inc. (**Softlab**) was a British Columbia company with a registered office in Vancouver.
8. As of the date of this Agreement, Softlab is named CleanGo Innovations Inc., a British Columbia company with a registered office in Vancouver, British Columbia. Softlab has undergone a series of name changes and changes in business purpose since the time of its incorporation.
9. During the period between March 2019 and November 2020 (the **Relevant Period**):
 - 9.1 Softlab's name was Softlab9 Software Solutions Inc. and subsequently Softlab9 Technologies Inc.;^[1]
 - 9.2 Softlab shares were traded on the Canadian Securities Exchange (**CSE**); and
 - 9.3 Softlab was a reporting issuer, as defined in the *Act*, in Alberta.
10. During the Relevant Period, Baron provided investor relations and promotional activities services for Softlab through various entities, including:
 - 10.1 M Baron Consulting, a sole proprietorship operated by Baron;
 - 10.2 Virtue Investments Inc., a corporation incorporated in British Columbia whose sole shareholder and director was Baron; and
 - 10.3 104731 BC Ltd., a corporation incorporated in British Columbia whose sole director was Baron.

^[1] Softlab was initially incorporated as CDN BVentures Ltd. on October 30, 2014, and changed its name on the following dates: Appature Mobile Applications Inc. (March 21, 2017), Appx Crypto Technologies Inc. (March 27, 2018) and APPX Group Holdings Inc. (October 24, 2018); before changing its name to Softlab (March 6, 2019) and subsequently Softlab9 Technologies Inc. (July 14, 2020).

Softlab

11. Softlab's shares are securities within the meaning of section 1(ggg) of the *Act*.
12. In or around May 21, 2020, Softlab announced it entered into a Letter of Intent (**LOI**) to acquire Clean Go Green Go Inc. (**CGGG**), a company that sold disinfectant products.
13. Commencing in April 2020, in advance of the announcement of Softlab's LOI with CGGG, Softlab's share price increased from \$0.13 on April 1, 2020 to a high of \$1.94 on August 24, 2020, before decreasing to \$0.47 on November 20, 2020.
14. On November 20, 2020, at Softlab's request, trading in the shares of Softlab was halted. On November 23, 2020, Softlab announced it had entered into a definitive agreement to acquire CGGG through a plan of arrangement. Softlab did not resume trading on the CSE until September 8, 2021, as CleanGo Innovations Inc., under the ticker CGII.
15. On June 16, 2020, Baron received 805,311 shares from Softlab, via a brokerage account controlled by Softlab's CEO, Rahim Mohamed, as a "finder's fee" for introducing CGGG to Softlab.
16. During the Relevant Period, Baron and the entities under his control would also periodically receive monies from Softlab to provide to third parties for promotional activities.

Market Manipulation

17. Between April 2020 and October 2020 (the **Trading Period**), Baron traded in shares of Softlab through two self-directed brokerage accounts held at CIBC Investor Services Inc. (the **CIBC Accounts**), as well as through a full-service brokerage account at Haywood Securities Inc. (the **Haywood Account**).
18. During the Trading Period, Baron coordinated his trading activity with the Respondents in an effort to give a false and misleading appearance of trading activity and to artificially increase Softlab's share price, including by:
 - 18.1 uptick trading; and
 - 18.2 bid support.

Uptick Trading

19. During the Trading Period, Baron purchased a total of 257,805 shares and sold a total of 237,200 shares of Softlab. Baron used the CIBC Accounts and Haywood Account to purchase Softlab shares, which resulted in or contributed to giving a false or misleading appearance of trading activity in Softlab, as well as an artificial price for Softlab.
20. In particular, Baron would coordinate his trading activity with some or all of the Respondents, depending on the individual trading day, who would place buy orders in an

effort to “uptick” Softlab’s share price, resulting in a price higher than the previous trade for Softlab.

21. During the Trading Period, Baron placed buy orders that resulted in 193 unique buy trade events. Of these 193 buy trade events:
 - 21.1 48 resulted in an “uptick” of Softlab’s share price; and
 - 21.2 47 were filled in the last hour of trading for the individual trading day.
22. During the Trading Period, Baron would further coordinate his trading activity with the Respondents to coincide with news releases issued by Softlab in an effort to hide their trading activity.

Bid Support

23. During the Trading Period, Baron used the CIBC Accounts and Haywood Account to place a total of 128 buy orders of Softlab. Baron would coordinate his trading activity with some or all of the Respondents, depending on the individual trading day, who would also place buy orders at staggered prices at or below the prevailing National Best Bid price, in an effort to provide “bid support” for Softlab, which would:
 - 23.1 give a false or misleading appearance of trading activity by giving the appearance of a high level of market activity and greater demand for Softlab shares to potential traders of Softlab with the ability to access market depth; and
 - 23.2 result in an artificial price for Softlab shares by creating an artificial floor price when there was increased selling in the market in the event that the Respondents’ bids were accepted by sellers.

Admitted Breaches of Alberta Securities Laws (Admitted Breaches)

24. Based on the Agreed Facts, Baron admits he breached section 93(1)(a) of the *Act* by directly or indirectly engaging or participating, or attempting to engage or participate, in an act, practice or course of conduct related to a security that he reasonably ought to have known may result in or contribute to:
 - 24.1 a false or misleading appearance of trading activity in a security; and
 - 24.2 an artificial price for a security.

Circumstances Relevant to Settlement

25. Staff’s investigation revealed that, during the Relevant Period, Baron:
 - 25.1 had a less significant role than the other Respondents in the market manipulation, uptick trading and bid support, and no role in the downtick trading, high closing,

wash trading, and failing to comply with insider disclosure and early warning requirements, as described in the NOH;

- 25.2 traded fewer Softlab shares than the other Respondents;
 - 25.3 did not use controlled accounts to trade Softlab shares;
 - 25.4 did not earn a profit as a result of his manipulative activity described in paragraphs 17 to 23 of this Agreement; and
 - 25.5 was not a reporting insider or significant shareholder of Softlab.
26. Baron has not been previously sanctioned by the Commission.
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, Baron agrees and undertakes to the Executive Director of the Commission to:
- 28.1 pay to the Commission a monetary settlement of \$50,000, inclusive of \$10,000 in costs;
 - 28.2 resign all positions he may have as a director or officer, or both, of any reporting issuer;
 - 28.3 be prohibited for a period of 4 years from:
 - 28.3.1 acting as a director or officer, or both, of any reporting issuer;
 - 28.3.2 engaging in investor relations activities in respect of any reporting issuer; and
 - 28.3.3 trading in or purchasing securities or derivatives, except trades or purchases made that meet all of the following criteria:
 - 28.3.3.1 in a full-service brokerage account with a registered dealer in Canada that Baron has legal and beneficial ownership of;
 - 28.3.3.2 pursuant to trade or purchase orders solicited by the broker; and
 - 28.3.3.3 after Baron has given a copy of this Agreement to the broker.

Administration

29. Baron acknowledges that he received independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.

30. Baron waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
31. Baron acknowledges and agrees that the Commission may enforce this Agreement in the Court of King's Bench or in any other court of competent jurisdiction.
32. Baron 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. Baron 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 Baron resolves all issues involving Baron 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 Michael Baron at Abbotsford,)
 British Columbia this 23 day of May 2025,)
 in the presence of:)

"WITNESS NAME")
 WITNESS NAME)

"Original Signed By")
 SIGNATURE)

"Original Signed By")
 Michael Baron)

Calgary, Alberta, 29 May 2025)
)
) ALBERTA SECURITIES COMMISSION
)
) "Original Signed By"
) Samir Sabharwal
) Executive Director