



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,  
R.S.O. 1990, c. S.5, AS AMENDED**

**- and -**

**IN THE MATTER OF  
ALKA SINGH AND MINE2CAPITAL INC.  
SETTLEMENT AGREEMENT**

**PART I - INTRODUCTION**

1. The Ontario Securities Commission (the “Commission”) will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders in respect of Alka Singh (“Singh”) and Mine2Capital Inc. (“Mine2Capital”) (collectively the “Respondents”).

**PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 24, 2014 (the “Proceeding”) against the Respondents according to the terms and conditions set out in Part VI of this Settlement Agreement (“the Settlement Agreement”). The Respondents agree to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

3. For the purposes of this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as set out in Part III and the conclusion in Part IV of this Settlement Agreement (“the Settlement Agreement”).

## **PART III – AGREED FACTS**

### **A. OVERVIEW**

4. Between May 2012 and December 2013 (the “Material Time”), the Respondents made available for sale to the public research reports in which they made recommendations to buy certain securities. In doing so, they relied on the exemptions from the requirement to register with the Commission as an advisor; however, during the Material Time, Singh had financial or other interests in the recommended securities which the Respondents failed to disclose thereby failing to comply with the requirements for an exemption set out in s. 34(3) of the Act.

5. The Respondents were not registered as advisors with the Commission during the Material Time and did not otherwise qualify for an exemption from the requirement to register. Accordingly, they engaged in the business of advising and/or held themselves out as such when they were not registered to do so and did not qualify for any exemption contrary to s. 25(3) of the Act.

### **B. BACKGROUND**

6. Mine2Capital Inc. (“Mine2Capital”) is a federally incorporated company with offices in Toronto, Ontario which made available for sale research reports and offered other consulting services.

7. Singh is an equity research analyst who resides in Toronto, Ontario. She was one of two directors and principals of Mine2Capital, and its primary directing mind during the Material Time.

8. Neither Singh nor Mine2Capital are, or ever have been, registered with the Ontario Securities Commission (the “Commission”) in any capacity.

### **C. VIOLATION/CONDUCT**

9. The Respondents issued approximately 25 research reports on ten mining issuers during the Material Time in which they made recommendations with respect to buying or selling the securities of those issuers.

10. The Respondents initially offered the research reports for sale only on a website of Mine2Capital. Subsequently, the Respondents also offered the reports and some further updates on certain issuers through some research aggregator services, including Bloomberg Professional, where the reports were available to its users for no additional charge in an effort to promote Mine2Capital's research services.

11. The Respondents made a number of recommendations in their reports that securities of certain mining issuers were a "buy" and provided estimated future target prices. The reports included a disclaimer that indicated that neither the author nor anyone directly involved in the preparation of the report, held "a financial interest in the securities of the company in this report". In updates referring to some of the issuers, there were similar statements indicating that the author had no ownership of the securities of the companies discussed and had not received any compensation from those companies.

12. Months before issuing reports which contained "buy" recommendations on the securities of two companies, Singh had acquired some shares in each of the companies. Singh failed to pay attention to the fact that she continued to hold the shares at the time that each of the reports was issued and did not disclose her share ownership in the reports or in two subsequent updates in which the Respondents made further positive statements about each of the companies.

13. Singh also received payments for research, consulting or other services from one of the companies in which she held shares and one other company whose securities the Respondents had recommended as a "buy." The Respondents subsequently made further positive statements about both those companies without disclosing the receipt of any of the payments.

14. Between December 2012 and March 2013, the Respondents notified the research aggregator service Bloomberg Professional, where the reports and updates had been available to its users at no additional charge, that she was dropping coverage on two of the three companies referred to above.

15. In July 2013, the Respondents notified Bloomberg Professional and another research aggregator service that she was dropping coverage on another of the companies. Singh was then hired on contract by that company.

16. The Respondents took no steps during the Material Time to revise or update any of the reports on the Mine2Capital or other websites. While they continued to be made available for sale, none of the reports were sold.

17. The payments that Singh received from the companies and the securities she held in two of them constituted “financial or other interests in a security” as set out in s. 34 of the Act.

#### **D. MITIGATING FACTORS**

18. The Respondents did not provide any portfolio management services or tailored investment advice. They offered research reports for sale and other consulting services. They targeted their services to the institutional investor community and corporations in the mining industry.

19. The Respondents’ last new report was issued on February 26, 2013; subsequent reports were only to indicate that she was dropping coverage and that no reliance should be placed on any of the earlier recommendations or the price targets for the securities of those companies going forward.

20. The Respondents dropped coverage of the issuer referenced in paragraph 15 above, prior to accepting contract employment with that issuer.

21. The Respondents sold very few research reports and their efforts to market their research services by offering existing reports at no charge through the research aggregator services was not successful.

22. Singh's investment in the securities of two of the companies totalled 16,500 shares in one company and 24,000 shares in the other company, which investment was held in a registered retirement savings plan. The Respondents did not benefit from their failure to disclose Singh's share ownership. The price of those securities, and those of mining issuers generally, went lower during the Material Time and Singh lost money on those investments.

#### **PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST**

23. By engaging in the conduct described above, the Respondent admit and acknowledge that they have breached Ontario securities law by contravening sections s. 25(3) of the Act and acknowledge that they have acted contrary to the public interest in that:

- (a) They engaged in the business of advising and held themselves out as such when they were not registered to do so and were seeking to rely on an exemption;
- (b) They failed to disclose their financial and other interests in securities with respect to which they had made recommendations contrary to s. 34(3) and therefore failed to qualify for an exemption from the requirement to register as an advisor;
- (c) No other exemption from registration was available; and
- (d) Singh authorised, permitted or acquiesced in Mine2Capital's breaches of the Act and is responsible for same pursuant to s. 129.2 of the Act.

**PART V – RESPONDENTS’ POSITION**

24. The Respondents request that the settlement hearing panel consider the following mitigating circumstances in addition to those referred to above at paragraphs 18 to 22;

(a) The Respondents are genuinely remorseful for their failure to comply with securities laws;

(b) The Respondents cooperated fully with Staff’s investigation and sought settlement with Staff, thereby avoiding the need for a protracted hearing, and the associated time and expense; and

(c) Mine2Capital is not an active company and Singh is not currently working and has limited financial means.

**PART VI – TERMS OF SETTLEMENT**

25. The Respondents agree to the terms of settlement listed below and to the Order attached hereto, made pursuant to subsection 127(1) and section 127.1 of the Act that:

(a) The settlement agreement is approved;

(b) Pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Respondents cease for a period of three years commencing on the date of the Commission’s order approving this Settlement Agreement;

(c) Pursuant to clause 2.1 of subsection 127(1) of the Act, acquisition of any securities by the Respondents is prohibited for a period of three years commencing on the date of the Commission’s order approving this Settlement Agreement;

- (d) Pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents for a period of three years commencing on the date of the Commission's order approving this Settlement Agreement;
- (e) Pursuant to clause 6 of subsection 127(1) of the Act, Singh is reprimanded;
- (f) Pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Singh is prohibited from becoming or acting as a director or officer who would constitute a "permitted individual" as defined in National Instrument 33-109 of any issuer, registrant, or investment fund manager for a period of one year commencing on the date of the Commission's order approving this Settlement Agreement;
- (g) Pursuant to clause 8.5 of subsection 127(1) of the Act, the Respondents are prohibited from becoming or acting as a "registrant", as an "investment fund manager" or as a "promoter" as defined in the Act for a period of one year commencing on the date of the Commission's order approving this Settlement Agreement;
- (h) Pursuant to subsection 127.1(1), the Respondents shall pay the aggregate amount of \$5,000, jointly and severally, representing a portion of Staff's costs, within three years of the date of the Commission's order approving this Settlement Agreement; and
- (i) Until the entire amount of the payments set out in paragraph 8 is paid in full, the provisions of paragraphs 2, 3 and 4 shall continue in force without any limitation as to time period.

26. The Respondents undertake to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 25(b), (c), (d), (e), (f) and (g) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

27. The Respondents agree to attend in person at the hearing before the Commission to consider the proposed settlement.

#### **PART VII – STAFF COMMITMENT**

28. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 29 below.

29. If the Commission approves this Settlement Agreement and the Respondents fail to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement. In addition, if this Settlement Agreement is approved by the Commission, and the Respondents fail to comply with the terms of the Settlement Agreement, the Commission is entitled to bring any proceedings necessary to recover the amounts set out in paragraphs 25 (h), above.

#### **PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

30. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for March 27, 2014, or on another date agreed to by Staff and the Respondents, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.

31. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

32. If the Commission approves this Settlement Agreement, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

33. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

34. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

#### **PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT**

35. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

(b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

36. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. Any obligations of confidentiality shall terminate upon the commencement of the public settlement hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement

remain confidential indefinitely, unless Staff and the Respondents otherwise agree or if required by law.

**PART X – EXECUTION OF SETTLEMENT AGREEMENT**

37. This agreement may be signed in one or more counterparts which, together, constitute a binding agreement.

38. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at Toronto this 24<sup>th</sup> day of March, 2014.

*“Alka Singh”*

\_\_\_\_\_

Alka Singh

Mine2Capital Inc:

*“Alka Singh”*

\_\_\_\_\_

Alka Singh

(I have authority to sign on behalf of the company)

*“Sylvia Schumacher”*

\_\_\_\_\_

*Sylvia Schumacher*

Witness

*“Sylvia Schumacher”*

\_\_\_\_\_

*Sylvia Schumacher*

Witness

*“Tom Atkinson”*

\_\_\_\_\_

Tom Atkinson

Director, Enforcement Branch

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**Schedule "A"**



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22e étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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**IN THE MATTER OF THE *SECURITIES ACT*,  
R.S.O. 1990, c. S.5, AS AMENDED  
- and -**

**IN THE MATTER OF A  
SETTLEMENT AGREEMENT BETWEEN STAFF  
OF THE ONTARIO SECURITIES COMMISSION AND  
ALKA SINGH AND MINE2CAPITAL INC.**

**ORDER  
(Subsections 127(1) and 127.1)**

**WHEREAS** on [date], the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to subsections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Alka Singh and Mine2Capital Inc. (the “Respondent(s)”). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission (“Staff”) dated [date];

**AND WHEREAS** the Respondent(s) entered into a Settlement Agreement with Staff dated [date] (the “Settlement Agreement”) in which the Respondent(s) agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated [date], subject to the approval of the Commission;

**AND WHEREAS** on [date], the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondent(s);

**AND UPON** reviewing the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and upon hearing submissions from counsel for the Respondent(s) and from Staff;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS HEREBY ORDERED THAT:**

1. The Settlement Agreement is approved;
2. Pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Respondents cease for a period of three years commencing on the date of the Commission's order approving this Settlement Agreement;
3. Pursuant to clause 2.1 of subsection 127(1) of the Act, acquisition of any securities by the Respondents is prohibited for a period of three years commencing on the date of the Commission's order approving this Settlement Agreement;
4. Pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents for a period of three years commencing on the date of the Commission's order approving this Settlement Agreement;
5. Pursuant to clause 6 of subsection 127(1) of the Act, Singh is reprimanded;
6. Pursuant to clauses 8, 8.2 and 8.4 of subsection 127(1) of the Act, Singh is prohibited from becoming or acting as a director or officer who would constitute a "permitted individual" as defined in National Instrument 33-109 of any issuer, registrant, or investment fund manager for a period of one year commencing on the date of the Commission's order approving this Settlement Agreement;

7. Pursuant to clause 8.5 of subsection 127(1) of the Act, the Respondents are prohibited from becoming or acting as a "registrant", as an "investment fund manager" or as a "promoter" as defined in the Act for a period of one year commencing on the date of the Commission's order approving this Settlement Agreement;
8. Pursuant to subsection 127.1(1), the Respondents shall pay the aggregate amount of \$5,000, jointly and severally, representing a portion of Staff's costs, within three years of the date of the Commission's order approving this Settlement Agreement; and
9. Until the entire amount of the payments set out in paragraph 8 is paid in full, the provisions of paragraphs 2, 3 and 4 shall continue in force without any limitation as to time period.

**DATED** at Toronto, this [day] day of [month], [year].

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