



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
FARHANG (FRED) DAGOSTAR NIKOO**

**STATEMENT OF ALLEGATIONS
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)**

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.

A. OVERVIEW

2. On February 15, 2019, Farhang (Fred) Dagostar Nikoo (**Nikoo**) entered into a Settlement Agreement and Undertaking (the **Settlement Agreement**) with the Alberta Securities Commission (the **ASC**).
3. Pursuant to the Settlement Agreement, Nikoo agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.
4. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990, c S.5 (the **Act**).

B. FACTS

Staff make the following allegations of fact:

(i) The ASC Proceeding**Agreed Facts**

5. In the Settlement Agreement, Nikoo agreed with the following facts:

Parties

- (a) Nikoo is a resident of Calgary, Alberta (formerly of Cold Lake, Alberta). He was, at all material times, a financial planner, and has been registered since 1995 as a mutual fund salesperson.

Circumstances

- (b) Bluforest, formerly Greenwood Gold Resources Inc., is a Nevada, U.S.A. (**U.S.**) corporation, whose securities were quoted for trading on the U.S. Over-the-Counter Quotation Board.
- (c) In approximately February 2012, Nikoo, Cem (Jim) Can (**Can**), and Charles Michael Miller (**Miller**), began selling securities of Bluforest to Alberta residents. All three are respondents in a February 5, 2018, Notice of Hearing issued by ASC Staff.
- (d) Over a period of one year, approximately \$1,000,000 was raised from the sale of Bluforest securities to at least seven Albertans (the **Investors**). Several of the Investors were existing or former clients of Nikoo's financial planning business.
- (e) Nikoo promoted the sale of Bluforest securities to some Investors through word of mouth and emails, introduced some Investors to Can and Miller, handled funds and share transfer documents, and delivered share certificates. While not compensated directly for his activities in

furtherance of the sale of the Bluforest securities, Nikoo received a \$30,000 payment from Can.

- (f) Nikoo was not registered in accordance with Alberta securities laws as an adviser. At no time was a preliminary prospectus or prospectus filed with and a receipt issued by the Executive Director of the ASC (**ASC's Executive Director**) for the distribution of any securities of Bluforest. There were no reports of exempt distribution filed with respect to any of the sales of Bluforest securities to the Investors.
- (g) During the course of the sale of the Bluforest securities to the Investors, Nikoo made representations or statements as follows:
 - 1. To JD, that she would double her money in six months;
 - 2. To JD, that the securities would be listed on NASDAQ;
 - 3. To JD, that the securities would open trading on NASDAQ at a price of \$11; and
 - 4. To CJB, that once the securities were listed on NASDAQ, they would double in price.
- (h) The above statements were misleading or untrue, and they would reasonably be expected to have a significant effect on the value of Bluforest's securities to JD and CJB.
- (i) At no time did the ASC's Executive Director give Nikoo written or any permission to represent that Bluforest's securities would be listed on an exchange. Nor, to Nikoo's knowledge, did Bluforest at any time make an application for a listing on NASDAQ or any other exchange.

Admitted Breaches of Alberta Securities Laws

- (j) Based on the Agreed Facts, Nikoo admitted that he breached the following sections of the *Alberta Securities Act*, RSA 2000, c S-4, as amended (the **Alberta Act**):
1. 75(1)(a) of the Alberta Act by acting as an adviser without registration in accordance with Alberta securities laws;
 2. 92(4.1) of the Alberta Act by making a statement he knew or reasonably ought to have known was misleading or untrue, and that would reasonably be expected to have a significant effect on the market price or value of Bluforest's securities; and
 3. 92(3)(b)(i) of the Alberta Act by representing without the written permission of the ASC's Executive Director that Bluforest's securities would be listed on an exchange.

Circumstances Relevant to Settlement

- (k) Nikoo has not been previously sanctioned by the ASC, and cooperated with ASC Staff during their investigation.
- (l) Nikoo, directly or indirectly, alerted the U.S. Securities and Exchange Commission to the activities of Bluforest and its representatives.
- (m) Certain of the Investors took funds out of mutual funds or other safer investments at the suggestion of Nikoo to purchase securities of Bluforest.
- (n) The Settlement Agreement saved the ASC the time and expense associated with a contested hearing under the Alberta Act.

(ii) Settlement and Undertakings

6. Based on the Agreed Facts and Admitted Breaches, Nikoo agreed and undertook to the ASC's Executive Director to:

- (a) Pay to the ASC a monetary settlement of \$50,000, plus \$20,000 in costs; and
- (b) Be prohibited for a period of 10 years from advising in securities and from acting as a registrant.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

- 7. Pursuant to the Settlement Agreement, Nikoo agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.
- 8. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that a person or company is to be made subject to sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 9. Staff allege that it is in the public interest to make an order against Nikoo.
- 10. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

D. ORDER SOUGHT

- 11. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 5 of subsection 127(10) of the Act:
 - (a) against Nikoo that:
 - i. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Nikoo be prohibited until February 15, 2029 from becoming or acting as a registrant;

(b) such other order or orders as the Commission considers appropriate.

DATED at Toronto this 2nd day of October, 2019.

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