S 197731

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

MICHAEL TIETZ AND DUANE LOEWEN

PLAINTIFFS

and

BRIDGEMARK FINANCIAL CORP., JACKSON & COMPANY PROFESSIONAL CORP., ANTHONY JACKSON, LUKOR CAPITAL CORP., JUSTIN EDGAR LIU, ROCKSHORE ADVISORS LTD. (FORMERLY KNOWN AS CAM PADDOCK ENTERPRISES INC.), CAMERON ROBERT PADDOCK, KONSTANTIN LICHTENWALD, SIMRAN SINGH GILL, JCN CAPITAL CORP., JOHN BEVILACQUA, ESSOS CORPORATE SERVICES INC., SWAY CAPITAL CORP., VON ROWELL TORRES, DETONA CAPITAL CORP., DANILEN VILLANUEVA, NATASHA JON EMAMI, ALTITUDE MARKETING CORP., RYAN PETER VENIER, PLATINUM CAPITAL CORP., 658111 B.C. LTD., JASON CHRISTOPHER SHULL, TRYTON FINANCIAL CORP., ABEIR HADDAD, TAVISTOCK CAPITAL CORP., ROBERT JOHN LAWRENCE, JARMAN CAPITAL INC., SCOTT JASON JARMAN, NORTHWEST MARKETING AND MANAGEMENT INC., RUFIZA ESMAIL, DENISE TRAINOR, ALY BABU MAWJI, ESCHER INVEST SA, HUNTON ADVISORY LTD., RANDY WHITE, KENDL CAPITAL LIMITED, 1153307 B.C. LTD., RUSSELL GRANT VAN SKIVER, BERTHO HOLDINGS LTD., ROBERT WILLIAM BOSWELL, HAIGHT-ASHBURY MEDIA CONSULTANTS LTD., ASHKAN SHAHROKHI, SAIYA CAPITAL CORPORATION, TARA HADDAD, KEIR PAUL MACPHERSON, TOLLSTAM & COMPANY CHARTERED ACCOUNTANTS, ALBERT KENNETH TOLLSTAM, 727 CAPITAL, DAVID RAYMOND DUGGAN, VIRAL STOCKS INC., 10X CAPITAL, CRYPTOBLOC TECHNOLOGIES CORP., NEIL WILLIAM STEVENSON-MOORE, KENNETH CLIFFORD PHILLIPPE, BRIAN BILES, KOOTENAY ZINC CORP., ROBERT TINDALL, AFFINOR GROWERS INC., NICHOLAS BRUSATORE, SAM CHAUDHRY, GREEN 2 BLUE ENERGY CORP., SLAWOMIR SMULEWICZ, MICHAEL YOUNG, GLENN LITTLE, BELEAVE INC., ANDREW WNEK, BOJAN KRASIC, CITATION GROWTH CORP. (FORMERLY KNOWN AS LIHT CANNABIS CORP. AND MARAPHARM VENTURES INC.), LINDA SAMPSON, DAVID ALEXANDER, YARI ALEXANDER NIEKEN, HANSPAUL PANNU, BLOK TECHNOLOGIES INC., ROBERT DAWSON, JAMES HYLAND, PREVECEUTICAL MEDICAL INC., STEPHEN VAN DEVENTER, SHABIRA RAJAN, ABATTIS BIOCEUTICALS CORP., ROBERT ABENANTE, KENT MCPARLAND, SPEAKEASY CANNABIS CLUB LTD., MARC GEEN, MERVYN GEEN, JEREMY ROSS, ALEXANDER KAULINS, KOPR POINT VENTURES INC. (FORMERLY KNOWN AS NEW POINT EXPLORATION CORP.), AND BRYN GARDENER-EVANS

DEFENDANTS

Brought under the *Class Proceedings Act*, R.S.B.C. 1996, c. 50

NOTICE OF CIVIL CLAIM

This action has been started by the plaintiffs for the relief set out in Part 2 below.

If you intend to respond to this action, you or your lawyer must

(a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
(b) serve a copy of the filed response to civil claim on the plaintiffs.

If you intend to make a counterclaim, you or your lawyer must

(a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
(b) serve a copy of the filed response to civil claim and counterclaim on the plaintiffs and on any new parties named in the counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

Time for response to civil claim

A response to civil claim must be filed and served on the plaintiffs,

(a) if you reside anywhere in Canada, within 21 days after the date on which a copy of the filed notice of civil claim was served on you,
(b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed notice of civil claim was served on you,
(c) if you reside elsewhere, within 49 days after the date on which a copy of the filed notice of civil claim was served on you, or
(d) if the time for response to civil claim has been set by order of the court, within that time.

CLAIM OF THE PLAINTIFFS

Part 1: STATEMENT OF FACTS

1. The Plaintiff, Michael Tietz ("Plaintiff Tietz"), is a resident of Saskatchewan and acquired shares in the Defendant, Cryptobloc Technologies Corp. ("Cryptobloc") in June 2018.

2. The Plaintiff, Duane Loewen ("Plaintiff Loewen"), is a resident of British Columbia, and acquired shares in the Defendant, KOPR Point Ventures Inc. ("KOPR"), formerly known as New Point Exploration Inc., in August 2018.

3. This action concerns the acquisition of shares by certain of the Defendants, referred to below as the "Purported Consultants", in Cryptobloc, KOPR, and the Defendant, Kootenay Zinc Corp. ("Kootenay Corp."), the Defendant, Affinor Growers Inc. ("Affinor Corp.), the Defendant, Green 2 Blue Energy Corp. ("Green Corp."), the Defendant, Beleave Inc. ("Beleave"), the Defendant, Citation Growth Corp. ("Citation Corp."), the Defendant, BLOK Technologies Inc. ("BLOK"), the Defendant, PreveCeutical Medical Inc. ("PreveCeutical"), the Defendant, Abattis Bioceuticals Corp. ("Abattis Corp."), and the Defendant, Speakeasy Cannabis Club Ltd. ("Speakeasy Ltd."), referred to collectively below as the "Issuers", which shares were acquired in 2018 through false pretence and by deception upon the public market, resulting in loss and damage to the Plaintiffs and others like them who acquired shares in the Issuers subsequent to the deception.

The Purported Consultants

4. The Defendant, BridgeMark Financial Corp. ("BridgeMark Corp."), is a British Columbia company incorporated on September 16, 2009. The registered and records office for BridgeMark Corp. and business office, is at #800 - 1199 West Hastings Street, Vancouver, British Columbia.

5. The Defendant, Jackson & Company Professional Corp. ("Jackson & Company"), is a British Columbia company incorporated on June 27, 2012 and registered and records office at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

6. The Defendant, Anthony Jackson ("Jackson"), is a resident of Vancouver, British Columbia, and is the sole director of both BridgeMark Corp. and Jackson & Company, and has an address for delivery at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

7. Jackson also was the Chief Financial Officer and a director of the Defendant, Kootenay Corp., throughout 2018, and was also the Chief Financial Officer and a director of the Defendant, Speakeasy Ltd., throughout 2018 until September 10, 2018, with the same address for delivery as in paragraph 6 above.

8. The Defendant, Lukor Capital Corp. ("Lukor Corp."), was a British Columbia company incorporated on May 23, 2014 and then dissolved for failing to file on April 25, 2017, and had a registered and records office at #704 – 595 Howe Street, Vancouver, British Columbia.

9. The Defendant, Justin Edgar Liu ("Liu"), is a resident of West Vancouver, British Columbia. Liu was a director of Lukor Corp. with an address for delivery at 1066 Groveland Road, West Vancouver, British Columbia, and after Lukor Corp. was dissolved, carried on business in his personal capacity as Lukor Corp.

10. The Defendant, Rockshore Advisors Ltd. ("Rockshore Ltd."), was formerly known as Cam Paddock Enterprises Inc. and changed its name to Rockshore Advisors Ltd. on August 8, 2018. Rockshore Ltd. is a British Columbia company incorporated on November 9, 2017 and has a registered and records office at 1053 Calverhall Street, North Vancouver, British Columbia.

11. The Defendant, Cameron Robert Paddock ("Paddock"), is a resident of North Vancouver, British Columbia, and is the sole director of Rockshore Ltd., with an address for delivery at 1053 Calverhall Street, North Vancouver, British Columbia. Paddock is a self-employed consultant with an office listed at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

12. Paddock also was a director of the Defendant, Abattis Corp., throughout 2018 until September 28, 2018, with the same address for delivery as in paragraph 11 above.

13. The Defendant, Konstantin Lichtenwald ("Lichtenwald"), is a resident of British Columbia and provides or has provided services to BridgeMark Corp. and Jackson & Company. Lichtenwald has or had a business office at the same address as BridgeMark Corp.

14. The Defendant, Simran Singh Gill ("Gill"), is a resident of Burnaby, British Columbia. Gill is the sole director of a company called BridgeMark Management Ltd., which has a registered and records office at #800 – 1199 West Hastings Street, Vancouver, British Columbia. Gill is employed by BridgeMark Corp.

15. The Defendant, JCN Capital Corp. ("JCN Corp."), is a British Columbia company incorporated on February 20, 2018 and has a registered and records office at #800 - 1199 West Hastings Street, Vancouver, British Columbia.

16. The Defendant, John Bevilacqua ("Bevilacqua"), is a resident of Vancouver, British Columbia and is the sole director of JCN Corp., with an address for delivery at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

17. The Defendant, Essos Corporate Services Inc. ("Essos Inc."), is a British Columbia company incorporated on November 9, 2017 and has a registered and records office at 1021 West Hastings Street, 9th Floor, Vancouver, British Columbia.

18. The Defendant, Sway Capital Corp. ("Sway Corp."), is a British Columbia company incorporated on December 21, 2015 and has a registered and records office at #800 - 1199 West Hastings Street, Vancouver, British Columbia.

19. The Defendant, Von Rowell Torres ("Torres"), is a resident of Vancouver, British Columbia and is the sole director of Essos Inc. and Sway Corp., with an address for delivery for both at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

20. Torres was also a director of the Defendant, Kootenay Corp., throughout 2018, with the same address for delivery as in paragraph 19 above.

21. The Defendant, Detona Capital Corp. ("Detona Corp."), is a British Columbia company incorporated on November 10, 2017 and has a registered and records office at Suite 170, 422 Richards Street, Vancouver, British Columbia

22. The Defendant, Danilen Villanueva ("Villanueva"), is a resident of British Columbia and the sole director, president and beneficial owner of Detona Corp., with an address for delivery at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

23. The Defendant, Natasha Jon Emami ("Emami"), is a resident of North Vancouver, British Columbia. Emami is employed by Jackson & Company.

24. The Defendant, Altitude Marketing Corp. ("Altitude Corp."), is a British Columbia company incorporated on April 24, 2017 and has a registered and records office at 34654 Delair Road, Abbotsford, British Columbia.

25. The Defendant, Ryan Peter Venier ("Venier"), is a resident of Abbotsford, British Columbia and the sole director of Altitude Corp., with an address for delivery at 34654 Delair Road, Abbotsford, British Columbia.

26. The Defendant, Platinum Capital Corp. ("Platinum Corp."), was created on October 1, 2014 as a result of an amalgamation between 0709845 B.C. Ltd. and Platinum Corp. and has a registered and records office at #101 – 123 Martin Street, Penticton, British Columbia.

27. The Defendant, 658111 B.C. Ltd. ("658111 Ltd."), is a British Columbia company incorporated on November 6, 2002 and has a registered and records address at #101 – 123 Martin Street, Penticton, British Columbia.

28. The Defendant, Jason Christopher Shull ("Shull"), is a resident of West Vancouver, British Columbia and is the sole director of Platinum Corp. and 658111 Ltd., with an address for delivery at 3601 Mathers Avenue, West Vancouver, British Columbia.

29. The Defendant, Tryton Financial Corp. ("Tryton Corp."), is a British Columbia company incorporated on June 11, 2009 and has a registered and records office at #600 – 1090 West Georgia Street, Vancouver, British Columbia.

30. The Defendant, Abeir Haddad ("A. Haddad"), is a resident of West Vancouver, British Columbia and is the sole director of Tryton Corp., with an address for delivery at 2391 Constantine Place, West Vancouver, British Columbia.

31. The Defendant, Tavistock Capital Corp. ("Tavistock Corp."), is a British Columbia company incorporated on October 8, 2013 and has a registered and records office at #400 – 110 Cambie Street, Vancouver, British Columbia.

32. The Defendant, Robert John Lawrence ("Lawrence"), is a resident of Vancouver, British Columbia and is the sole director of Tavistock Corp., with an address for delivery at #2301 – 1188 West Pender Street, Vancouver, British Columbia.

33. The Defendant, Jarman Capital Inc. ("Jarman Inc."), is a British Columbia company incorporated on January 24, 2018 and has a registered and records office at #700 – 1199 West Hastings, Vancouver, British Columbia.

34. The Defendant, Scott Jason Jarman ("Jarman"), is a resident of Vancouver, British Columbia and is the sole director of Jarman Inc., with an address for delivery at #4204 – 1011 West Cordova Street, Vancouver, British Columbia.

35. The Defendant, Northwest Marketing and Management Inc. ("Northwest Inc."), is a British Columbia company incorporated on August 7, 2015 and has a registered and records office at #409 – 221 West Esplanade, North Vancouver, British Columbia.

36. The Defendant, Rufiza Esmail ("Esmail"), is a resident of Coquitlam, British Columbia and was the sole director of Northwest Inc. from February 20, 2018, with an address for delivery at 624 Chapman Avenue, Coquitlam, British Columbia.

37. The Defendant, Denise Trainor ("Trainor"), is a resident of West Vancouver, British Columbia and is the President and Chief Executive Officer of Northwest Inc., and was a director of Northwest Inc. until February 20, 2018, with an address for delivery at 950 3rd Street, West Vancouver, British Columbia.

38. The Defendant, Aly Babu Mawji ("Mawji"), is a resident of Coquitlam, British Columbia and is Esmail's brother and Trainor's husband. Mawji manages and controls Northwest Inc., and effectively acts as an officer of Northwest Inc.

39. The Defendant, Escher Invest SA's ("Escher SA"), is a company having an office at Falkenstrasse 28, Zurich, Switzerland, 8008.

40. The Defendant, Hunton Advisory Ltd. ("Hunton Ltd."), was incorporated in the Republic of the Marshall Islands on January 19, 2015.

41. The Defendant, Randy White ("White"), resides in the Czech Republic and is a director and beneficial owner of both Escher SA and Hunton Ltd.

42. The Defendant, Kendl Capital Limited ("Kendl Ltd."), is a Hong Kong incorporated company and having an office at 1104 Crawford House, 70 Queen's Road, Central, Hong Kong.

43. The Defendant, 1153307 B.C. Ltd. ("1153307 Ltd."), is a British Columbia company incorporated on February 19, 2018 and has a registered and records office at 209 West Keith Road, North Vancouver, British Columbia.

44. The Defendant, Russell Grant Van Skiver ("Van Skiver"), is a resident of North Vancouver, British Columbia and is the sole director of 1153307 Ltd., with an address for delivery at 209 West Keith Road, North Vancouver, British Columbia.

45. The Defendant, Bertho Holdings Ltd. ("Bertho Ltd."), is a British Columbia company incorporated on September 14, 2011 and has a registered and records office at #350 – 1111 Melville Street, Vancouver, British Columbia.

46. The Defendant, Robert William Boswell ("Boswell"), is a resident of Vancouver, British Columbia and is the sole director and officer of Bertho Ltd., with an address for delivery at #3004 – 1077 Cordova Street, Vancouver, British Columbia.

47. The Defendant, Haight-Ashbury Media Consultants Ltd. ("Haight-Ashbury Ltd."), is a British Columbia company incorporated on September 6, 2017 and has a registered and records office at #620 – 1033 Davie Street, Vancouver, British Columbia.

48. The Defendant, Ashkan Shahrokhi ("Shahrokhi"), is a resident of Richmond, British Columbia and is the sole director of Haight-Ashbury Ltd., with an address for delivery at #201 – 5631 No. 3 Road, Richmond, British Columbia.

49. The Defendant, Saiya Capital Corporation ("Saiya Corp."), is a British Columbia company incorporated on April 13, 2018 and has a registered and records address at 2988 Rosebery Avenue, West Vancouver, British Columbia.

50. The Defendant, Tara Haddad ("T. Haddad"), is a resident of West Vancouver, British Columbia and is the sole director of Saiya Corp., with an address for delivery at 2988 Roseberry Avenue, West Vancouver, British Columbia.

51. The Defendant, Keir Paul MacPherson ("MacPherson"), is a resident of Sechelt, British Columbia.

52. The Defendant, Tollstam & Company Chartered Accountants ("Tollstam & Company"), is a sole proprietorship registered on October 24, 2011 with a business address at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

53. The Defendant, Albert Kenneth Tollstam ("Tollstam"), is a resident of North Vancouver, British Columbia and is the sole proprietor of Tollstam & Company, with an address for delivery at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

54. The Defendant, 727 Capital became registered in the Cayman Islands on September 30, 2016.

55. The Defendant, David Raymond Duggan ("Duggan"), is a resident of North Vancouver, British Columbia and is an officer of 727 Capital.

56. The Defendant, Viral Stocks Inc. ("Viral Inc.") became registered in the Cayman Islands on September 30, 2016.

57. The Defendant, 10X Capital became registered in the Cayman Islands on September 30, 2016.

58. BridgeMark Corp., Jackson & Company, Jackson, Lukor Corp., Liu, Rockshore Ltd., Paddock, Lichtenwald, Gill, JCN Corp., Essos Inc., Sway Corp., Detona Corp., Villanueva, Emami, Altitude Corp., Platinum Corp., 658111 Ltd., Tryton Corp., Tavistock Corp., Jarman Inc., Northwest Inc., Escher SA, Hunton Ltd., Kendl Ltd., 1153307 Ltd., Bertho

Ltd., Haight-Ashbury Ltd., Saiya Corp., MacPherson, Tollstam & Company, Tollstam, 727 Capital, Viral Inc., and 10X Capital shall be referred to collectively as the "Purported Consultants".

59. Jackson, Liu, Paddock, Bevilacqua, Torres, Villanueva, Venier, Shull, A. Haddad., Lawrence, Jarman, Esmail, Trainor, Mawji, White, Van Skiver, Boswell, Shahrokhi, and T. Haddad, and Duggan shall be referred to collectively as the "Purported Consultant Officers and Directors".

The Issuers

60. The Defendant, Cryptobloc, has a registered office at #400-725 Granville Street, Vancouver, British Columbia and was incorporated in British Columbia on January 16, 2015. Cryptobloc is a reporting issuer in British Columbia and is listed on the Canadian Stock Exchange ("CSE"), the Frankfurt Stock Exchange ("FSE") and quoted on the OTC Markets Group ("OTC") in the United States.

61. The Defendant, Neil William Stevenson-Moore ("Stevenson-Moore"), is a resident of North Vancouver, British Columbia and was the Chief Executive Officer of Cryptobloc throughout 2018 until June 28, 2018, with an address for delivery at 1152 Hilary Place, North Vancouver, British Columbia.

62. The Defendant, Kenneth Clifford Phillippe ("Phillippe"), is a resident of West Vancouver, British Columbia and was the Chief Financial Officer of Cryptobloc throughout 2018 until July 4, 2018, with an address for delivery at 4564 Woodgreen Drive, West Vancouver, British Columbia.

63. The Defendant, Brian Biles ("Biles"), is a resident of Vancouver, British Columbia and was a director of Cryptobloc throughout 2018 until November 22, 2018, with an address for delivery at Suite 1204-1228 West Hastings Street, Vancouver, British Columbia.

64. The Defendant, KOPR, was formerly known as New Point Exploration Corp. and changed its name to KOPR Point Ventures Inc. on February 20, 2019. KOPR has a registered office at 1055 West Georgia Street, 1500 Royal Centre, Vancouver, British Columbia and was

incorporated in British Columbia on March 10, 2017. KOPR is a reporting issuer in British Columbia and is listed on the CSE, the FSE and quoted on the OTC.

65. The Defendant, Bryn Gardener-Evans ("Gardener-Evans"), is a resident of Calgary, British Columbia and was, at all material times in 2018, the Chief Executive Officer and a director of KOPR, with an address for delivery at 78 Tuscany Glen Way NW, Calgary, Alberta.

66. The Defendant, Kootenay Corp., has a registered office at #2080-777 Hornby Street, Vancouver, British Columbia and was incorporated on March 23, 2015. Kootenay Corp. is a reporting issuer in British Columbia and is listed on the CSE, the FSE and quoted on the OTC.

67. The Defendant, Robert Tindall ("Tindall"), is a resident of Vancouver, British Columbia and was, at all material times in 2018, a director of Kootenay Corp., with an address for delivery at #800-1199 West Hastings Street, Vancouver, British Columbia.

68. The Defendant, Affinor Inc., has a registered office at 1055 West Georgia Street, 1500 Royal Centre, Vancouver, British Columbia and was incorporated federally on August 27, 1996 and was continued into British Columbia on February 1, 2016. Affinor Inc. is a reporting issuer in British Columbia and is listed on the CSE, the FSE and quoted on the OTC.

69. The Defendant, Nicholas Brusatore ("Brusatore"), is a resident of Anmore, British Columbia and was the Chief Executive Officer and President of Affinor Corp. from January 29, 2018 to September 28, 2018, with an address for delivery at 183 Wollny Crescent, Anmore, British Columbia.

70. The Defendant, Sam Chaudhry ("Chaudhry"), is a resident of the greater Vancouver area, British Columbia and was the Chief Financial Officer of Affinor Corp. from March 8, 2018 to May 2, 2018, with an address for delivery at #1-8130 136A Street, Surrey, British Columbia.

71. The Defendant, Green Corp., has a registered office at Suite 1080, 789 West Pender Street, Vancouver, British Columbia and was amalgamated on March 3, 2017, pursuant to the

Business Corporations Act of British Columbia. Green Corp. is a reporting issuer in British Columbia and is listed on the CSE, the FSE and quoted on the OTC.

72. The Defendant, Slawomir Smulewicz ("Smulewicz"), is a resident of Vancouver, British Columbia and was, at all material times in 2018, the Chief Executive Officer of Green Corp., with an address for delivery at #1518 – 800 West Pender Street, Vancouver, British Columbia.

73. The Defendant, Michael Young ("Young"), is a resident of Vancouver, British Columbia and was the Chief Financial Officer and a director of Green Corp. throughout 2018 until December 19, 2018, with an address for delivery at #1518-800 West Pender Street, Vancouver, British Columbia.

74. The Defendant, Glenn Little ("Little"), is a resident of Vancouver, British Columbia and was a director of Green Corp. throughout 2018 until December 19, 2018, with an address for delivery at 6907 208A Street, Langley, British Columbia.

75. The Defendant, Beleave, has a registered office at Suite #1200, 67 Yonge Street, Toronto, Ontario and was amalgamated on May 26, 2000 pursuant to the provisions of the *Business Corporations Act* of Ontario. Beleave is a reporting issuer in British Columbia and is listed on the CSE and quoted on the OTC.

76. The Defendant, Andrew Wnek ("Wnek"), is a resident of Toronto, Ontario and was, at all material times in 2018, the Chief Executor Officer and director of Beleave.

77. The Defendant, Bojan Krasic ("Krasic"), is a resident of Stoney Creek, Ontario and was, at all material times in 2018, the Chief Financial Officer and direct of Beleave, with an address for delivery at 65 Highbury Drive, Stoney Creek, Ontario.

78. The Defendant, Citation Corp., was formerly known as Liht Cannabis Corp. and before that Marapharm Ventures Inc., and changed its name from Marapharm Ventures Inc. to Liht Cannabis Corp. on October 24, 2018 and then it changed its name from Liht Cannabis Corp to Citation Growth Corp. on June 10, 2019. Citation Corp. has a registered office at 2300 Bentall 5, 550 Burrard Street, British Columbia and was incorporated on April 24,

2007. Citation Corp. is a reporting issuer in British Columbia and is listed on the CSE, the FSE, and quoted on the OTC.

79. The Defendant, Linda Sampson ("Sampson"), is a resident of Kelowna, British Columbia and was, at all material times in 2018, the Chief Executive Officer and director of Citation Corp., with an address for delivery at 587 Radant Road, Kelowna, British Columbia.

80. The Defendant, David Alexander ("Alexander"), is a resident of North Vancouver, British Columbia and was a director of Citation Corp. throughout 2018 until August 8, 2018, with an address for delivery at Unit #1, 550 Browning Place, North Vancouver, British Columbia.

81. Alexander also was the Chief Financial Officer of BLOK throughout 2018 until December 13, 2018, with the same address for delivery as paragraph 78 above.

82. The Defendant, Yari Alexander Nieken ("Nieken"), is a resident of North Vancouver, British Columbia and was a director of Citation Corp. throughout 2018 until July 31, 2018, with an address for delivery at 2141 Grand Boulevard, North Vancouver, British Columbia. Neiken subsequently became a director of the Defendant, BLOK, on September 17, 2018.

83. The Defendant, Hanspaul Pannu ("Pannu"), is a resident of the greater Vancouver area, British Columbia and was the Chief Financial Officer of Citation Corp. from March 5, 2018 through the balance of 2018.

84. The Defendant, BLOK, has a registered office at #502 – 815 Hornby Street, Vancouver, British Columbia and was incorporated on September 19, 2013. BLOK is a reporting issuer in British Columbia and is listed on the CSE, the FSE and quoted on the OTC.

85. The Defendant, Robert Dawson ("Dawson"), is a resident of the greater Vancouver area, British Columbia and was, at all material times in 2018, the President and Chief Executive Officer of BLOK.

86. The Defendant, James Hyland ("Hyland"), is a resident of Vancouver, British Columbia and was, at all material times in 2018, a Vice-President and a director of BLOK with an address for delivery at Suite 2000 – 1177 West Hastings Street, Vancouver, British

Columbia. Hyland also became a director of the Defendant, KOPR, in August 2018, with the same address for delivery.

87. The Defendant, PreveCeutical, has a registered office at #1170 – 1040 West Georgia Street, Vancouver, British Columbia and was amalgamated on July 31, 2017 pursuant to *Business Corporations Act* of British Columbia. PreveCeutical Inc. is a reporting issuer in British Columbia and is listed on the CSE, the FSE and quoted on the OTC.

88. The Defendant, Stephen Van Deventer ("Van Deventer"), is a resident of Vancouver, British Columbia and was, at all material times in 2018, the President and Chief Executive Officer of PreveCeutical, with an address for delivery at 2600 – 588 Broughton Street, Vancouver, British Columbia.

89. The Defendant, Shabira Rajan ("Rajan"), is a resident of Richmond, British Columbia and was, at all material times, the Chief Financial Officer of PreveCeutical, with an address for delivery at 11960 Mellis Drive, Richmond, British Columbia.

90. The Defendant, Abattis Corp., has a registered office at #800 – 885 West Gerogia Street, Vancouver, British Columbia and was incorporated on June 30, 1997. Abattis Corp. is a reporting issuer in British Columbia and is listed on the CSE, the FSE and quoted on the OTC.

91. The Defendant, Robert Abenante ("Abenante"), is a resident of Vancouver, British Columbia and was, at all material times in 2018, a director and the President and Chief Executive Officer Abattis Corp., with an address for delivery at Suite 224 - 970 Burrard Street, Vancouver, British Columbia.

92. The Defendant, Kent McParland ("McParland"), is a resident of Richmond, British Columbia and was the Chief Financial Officer of Abattis Corp. from May 15, 2018 through the balance of 2018 and became a director of Abbatis Corp. on October 19, 2018, with an address for delivery at #338 – 5600 Andrews Road, Richmond, British Columbia. McParland was also the Chief Financial Officer and a director of Cryptobloc from July 3, 2018 through the remainder of 2018.

93. The Defendant, Speakeasy Ltd., has a registered office at #301-1665 Ellis Street, Kelowna, British Columbia, and was incorporated on March 26, 2010 in Ontario and continued into British Columbia on October 9, 2018. Speakeasy Ltd. is a reporting issuer in British Columbia and is listed on the CSE and the FSE.

94. The Defendant, Marc Geen, is resident of Rock Creek, British Columbia and was, at all material times in 2018, the Chief Executive Officer and a director of Speakeasy Ltd., with an address for delivery at 1515 Meyers Creek Road West, Rock Creek, British Columbia.

95. The Defendant, Mervyn Geen, is resident of Rock Creek, British Columbia and was, at all material times in 2018, the a director of Speakeasy Ltd., with an address for delivery at 1515 Meyers Creek Road West, Rock Creek, British Columbia.

96. The Defendant, Jeremy Ross ("Ross"), is a resident of the greater Vancouver area, British Columbia and was, at all material times in 2018, a director of Speakeasy Ltd., with an address for delivery at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

97. The Defendant, Alexander Kaulins ("Kaulins"), is a resident of the greater Vancouver area, British Columbia and was, at all material times in 2018, a director of Speakeasy Ltd., with an address for delivery at #800 – 1199 West Hastings Street, Vancouver, British Columbia.

98. Cryptobloc, KOPR, Kootenay Corp., Affinor Inc., Green Corp., Beleave, Citation Corp., BLOK, PreveCeutical, Abattis Corp., and Speakeasy Ltd. shall collectively be referred to as the "Issuers".

99. Stevenson-Moore, Phillippe, Biles, Gardener-Evans, Tindall, Brusatore, Chaudhry, Smulewicz, Young, Little, Wnek, Krasic, Sampson, Alexander, Nieken, Pannu, Dawson, Hyland, Van Deventer, Rajan, Abenante, McParland, Marc Geen, Mervyn Geen, Ross, and Kaulins shall collectively be referred to as the "Issuer Officers and Directors".

The Class

100. The representative Plaintiffs bring this action on their own behalf and on behalf of all persons, other than the Defendants and any other Excluded Persons as that term is defined below, who acquired securities in the Issuers in the following periods (collectively, the "Class Periods"):

a. in Kootenay Corp. between January 30, 2018 and November 26, 2018;

b. in Affinor Corp. between March 5, 2018 and November 26, 2018;

c. in Green Corp. between April 12, 2018 and November 26, 2018;

d. in Beleave between April 24, 2018 and November 26, 2018;

e. in Citation Corp. between May 17, 2018 and November 26, 2018;

f. in Cryptobloc between May 18, 2018 and November 26, 2018;

g. in BLOK between June 1, 2018 and November 26, 2018;

h. in PreveCeutical between April 9, 2018 and November 26, 2018;

i. in Abbitis Corp. between July 4, 2018 and November 26, 2018;

j. in Speakeasy Ltd. between June 29, 2018 and November 26, 2018; and

k. in KOPR between July 25, 2018 and November 26, 2018.

101. In addition to the Defendants, other persons excluded from the Class (the "Excluded Persons") are:

a. any other persons or entities who entered into consulting agreements with any of the Issuers in the time periods set out in paragraphs 64(a) through 64(k) above (the "Unnamed Consultants");

b. the past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns of the Defendants or any Unnamed Consultants; and

c. any family members of any of the individual Defendants, or of any individual person who otherwise falls within (b) above.

The Scheme

102. Between January 2018 to August 2018, each of the Purported Consultants agreed to and did participate in a scheme whereby certain of the Purported Consultants subscribed to shares in the Issuers in 13 different private placements, two in each of Beleave and Citation Corp. and one of each of the other nine Issuers, as set out in further detail in paragraphs 121 to 296 below (the "Private Placements") on the following terms (the "Scheme"):

a. shortly before or contemporaneously with the Private Placement, the Issuer would enter into consulting agreements with the Purported Consultants who were acquiring shares under the Private Placement as a condition of them doing so, and for some if not all of the Private Placements, with certain other Purported Consultants who were not acquiring shares under the Private Placement, as a further condition of the participation in the Private Placement of the Purported Consultants who were acquiring shares;

b. the consulting agreements entered into with the Issuers would provide for payment of lump sum consultant fees to the Purported Consultants who entered in the consulting agreements, to be paid on the closing of the Private Placement or shortly thereafter;

c. on the closing of the Private Placement, the Purported Consultants who were acquiring shares under the Private Placement would pay an amount to the Issuer for those shares at the price per share publicly disclosed by the Issuer to be the purchase price for shares issued under the Private Placement (the "Disclosed Share Price");

d. the Issuers distributed the shares to Purported Consultants who were acquiring them under the Private Placement pursuant to the consultant exemption to the prospectus requirement in s. 2.24 of the Canadian Securities Administrators' (the "CSA") National Instrument 45-106 (the "Consultant Exemption");

e. on the same day as the Private Placement closed, or shortly thereafter, the Issuer paid the lump sum consultant fees payable under the consulting agreement to the Purported Consultants who entered into those agreements from the proceeds of the Private Placement; and

f. the total amount paid to the Purported Consultants under the consulting agreements consisted of a significant portion, and in some cases, substantially all of the proceeds of the Private Placement.

103. The Scheme was conceived by Jackson, Liu, Paddock, and Mawji in or around January 2018, and then implemented with respect to a Private Placement in Kootenay Corp., for which Jackson then acted as both a director and Chief Financial Officer, which was carried out in early February 2018, as further detailed in paragraphs 121 through 136 below,

104. Jackson, Liu, Paddock, and Mawji then promoted the Scheme to the other Purported Consultants, and, acting in concert with some of them, arranged for the Private Placements in the remaining Issuers to be carried out, as further detailed in paragraphs137 through 296 below.

105. Each of the other Purported Consultants agreed to join and participated in the Scheme when they either both entered into a consulting agreement with an Issuer and obtained shares in that Issuer as part of a Private Placement, or when they entered into a consulting agreement with an Issuer as part of the Private Placement transaction but did not acquire shares in the Issuer.

106. As detailed further below, all of the Purported Consultants acquired shares in at least one of the Issuers pursuant to the Private Placements carried out in the Scheme, except for Jackson & Company, Emami, Tryton Corp., 10X Capital, Viral Inc., 727 Capital and Tollstam & Company. These latter Purported Consultants, who did not acquire shares

directly in any Issuer under the Private Placements, participated in the Scheme by entering into a consulting agreement with an Issuer as part of at least one of the Private Placement transactions, as further detailed for some of them in paragraphs 244 and 286 below, and receiving payment of a lump sum consulting fee from the proceeds of the Private Placement.

107. The consulting agreements entered into between the Issuers and the Purported Consultants and concluded as part of the Private Placements were a scam and a false pretence. Neither the Purported Consultants nor the Issuers had any bona-fide expectation that services of any real value would be provided under the consultant agreements, and no such services were provided.

108. The consulting agreements were entered into in order to provide a pretence for:

a. the Issuers to use the Consultant Exemption to distribute shares to the Purported Consultants who were acquiring shares under the Private Placements;

b. the repayment to the Purported Consultants who acquired shares under the Private Placement of part of the purchase price they had paid for those shares; and

c. the Issuer to state that it had received and used the full proceeds of the Private Placement, when it always understood and intended by each of the Issuers, and the Purported Consultants who were acquiring shares under the Private Placements, that part of the purchase amounts paid for those shares by those Purported Consultants would be returned to them and would never be available to the Issuer for any other purpose.

109. For the reasons set out in paragraph 107 and 108 above, the consulting agreements were not good faith, bona-fide consulting agreements, and the Issuers were not entitled to rely on the Consultant Exemption to distribute shares to the Purported Consultant under the Private Placements, and the Purported Consultants who received those shares were not entitled to receive them on that basis and received them under false pretence.

110. The overall effect of the Scheme was that as a result of the payment of the lump sum consulting fees from the proceeds of the Private Placement:

a. the Purported Consultants who subscribed for shares under the Private Placements paid an effective purchase price for those shares that was substantially less than both the Disclosed Share Price and the price at which the Issuer's shares were trading when the Private Placement was closed; and

b. the Issuers were left with only a small portion of the proceeds of the Private Placement for use as working capital.

111. None of the facts set out in paragraph 102 through 110 above were disclosed by the Issuers when the Private Placements were disclosed to the investing public. As further set out in paragraphs 121 through 296 below, through news releases issued and other public filings made by the Issuers concerning the Private Placements, each of the Issuers represented that the Purported Consultants had acquired the shares under the Private Placement at the Disclosed Share Price and that the proceeds of the Private Placement resulting from the purchase of the shares at the Disclosed Share Price were available to the Issuers as general working capital.

112. These representations were false, and were known to be so by the Issuers who made them, by the Issuer Officers and Directors who authorized the representations on behalf of the Issuers, and by the Purported Consultants who participated in the Private Placement which were the subject of the representations.

113. The effect of the distribution of shares by the Issuers to the Purported Consultants under the Private Placements pursuant to the Consultant Exemption was that those shares were not subject to a restricted trading period and, therefore, the Purported Consultants received free trading shares in accordance to s. 2.4 and Appendix E of CSA National Instrument 44-102-Resale of Securities.

114. In the days and weeks that followed the Private Placements, most of the Purported Consultants who acquired shares under the Private Placements sold most or all of their shares at a price that was both:

a. significantly discounted from the Disclosed Share Price represented by the Issuers to have been paid by the Purported Consultants for the shares; and

b. significantly in excess of the effective price paid by the Purported Consultants.

115. The sale by the Purported Consultants of shares they acquired under the Private Placements resulted in a significant profit to the Purported Consultants who sold the shares. Further, the volume of the shares sold by the Purported Consultants over a short period of time, and the price at which those shares were sold, caused the trading price for the shares in the Issuers to fall significantly.

116. Despite the volume of trading in the Issuers' shares resulting from the sale by the Purported Consultants of the shares they acquired under the Private Placements, and the impact of these sales upon the trading price of the Issuers' shares, none of the Issuers made any public disclosures in the weeks or months following the Private Placements which fully and fairly disclosed to the investing public the nature of the Scheme and the transactions underlying the Private Placement.

117. There was no public disclosure of the general nature of the scheme until November 26, 2018, when the BC Securities Commission (the "BCSC") issued a news release (the "BCSC News Release") announcing its investigation of the Scheme and that temporary orders had been issued against the Issuers, prohibiting the Issuers from using the Consultant Exemption to distribute further shares, and against the Purported Consultants, prohibiting them from trading in the Issuers' shares and prohibiting the distribution to them of any shares of any other issuers listed on the CSE under the Consultants Exemption.

118. Many details of the Scheme still have not been publicly disclosed and are unknown to the Plaintiffs. Except for the consulting agreements referenced in paragraphs 244 and 286 below, the Plaintiffs are unaware of all the parties who entered into consulting agreements with the Issuers as part of the Private Placements, other than the Purported Consultants who acquired securities under the Private Placements, or the amounts payable under any of those consulting agreements. These details are known to the Issuers and to the Purported Consultants.

119. The Plaintiffs are also unaware of the arrangements between the Purported Consultants who both entered into a consulting agreement as a part of a Private Placement transaction and acquired shares under that Private Placement, and those Purported Consultants who just entered into a consulting agreement as a part of the Private Placement transaction and did not acquire any shares under the Private Placement, concerning the amounts paid under the consulting agreements to those latter Purported Consultants, the proceeds used by the Purported Consultants who acquired shares under the Private Placement to purchase those shares, and the distribution of those shares or any proceeds of disposition from those shares. The details of any such arrangements are known to the Purported Consultants who participated in each Private Placement.

120. The Scheme has resulted in damage to the Plaintiffs and the Class as follows:

a. The Plaintiffs and Class members either acquired shares in the Issuers which they would have never purchased, or acquired their shares at a price that was higher than they would have paid, had the Scheme never been implemented or had been fully and fairly disclosed;

b. the trading value of shares acquired by the Plaintiffs and the Class members was eroded by the conduct of the Purported Consultants in selling the shares they had acquired in the Private Placements at prices discounted to the trading value of shares but at a substantial profit to the Purported Consultants; and

c. the trading price of the Issuer's shares, in the 10 days after the public disclosure of the Scheme in the BCSC News Release on November 26, 2018, was substantially less than the price paid by the Plaintiffs and the Class members for the shares in the Issuers they acquired during Class Periods.

The Private Placements

A. Kootenay Corp.

121. As stated in paragraph 103 above, the first Private Placement carried out under the Scheme was in Kootenay Corp. and completed on February 2, 2018. The Private Placement was announced by Kootenay Corp. in a news release issued on January 30, 2018, which was authorized on behalf of Kootenay Corp. by Tindall. The news release stated that the purchase price of the shares to be acquired under the Private Placement was $0.27 per unit (the "Kootenay Disclosed Share Price") resulting in gross proceeds of $2,000,000 and stated that these proceeds "will be used for the Company's exploration activities and general working capital."

122. The Purported Consultants who acquired shares in Kootenay Corp. in the Private Placement (the "Kootenay Subscribers"), and the number of the shares they acquired and the value of those shares at the Kootenay Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Liu	900,000	$243,000
Jackson	900,000	$243,000
Detona Corp.	900,000	$243,000
Paddock	900,000	$243,000
Northwest Inc.	880,000	$237,600
Lichtenwald	20,000	$5,400
Total	4,500,000	$1,215,000

123. Contemporaneously with or shortly before this Private Placement, and as condition of the Kootenay Subscribers participating in the Private Placement, Kootenay Corp. entered into consulting agreements with the Kootenay Subscribers, which provided for lump sum payments to these them upon the closing of the Private Placement, or shortly thereafter, from the proceeds of the Private Placement. The amount paid under these consulting agreements, and who executed them on behalf of Kootenay Corp., and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placement as a further condition of the

participation of the Kootenay Subscribers in the Private Placement, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the Kootenay Subscribers and to Kootenay Corp.

124. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Kootenay Corp. to distribute shares to the Kootenay Subscribers, who received those shares under false pretence

125. On February 2, 2018, Kootenay Corp. issued a news release announcing the closing of the first tranche of the Private Placement, which was authorized on behalf of Kootenay Corp. by Tindall, and also filed a Form 9 – Notice of Proposed Issuance of Listed Securities ("Form 9") concerning the Private Placement with the CSE, which was certified on behalf of Kootenay Corp. by Jackson. Both the news release and the Form 9 stated that the shares issued under the first tranche of the Private Placement were purchased at the Kootenay Disclosed Share Price resulting in gross proceeds up $1,215,000. The news release stated that these proceeds will be used for Kootenay Corp.'s "exploration activities and general working capital", and the Form 9 stated that the proceeds would be used for "general working capital".

126. These statements in the news releases issued and the Form 9 filed by Kootenay Corp., set out in paragraphs 121 and 125 above, were statements of material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*, R.S.B.C. 1996, c. 48, as amended (the "*Securities Act*"). These statements were untrue, and constituted misrepresentations within the meaning of s. 1 of the *Securities Act.*

127. Taking into account the monies paid by Kootenay Corp. under the consulting agreements entered into contemporaneously with the Private Placement, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by the Kootenay Subscribers for the shares they acquired under the Private Placement was far less than the Kootenay Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available for Kootenay Corp. to use for its exploration activities and general working capital.

128. The conclusion by Kootenay Corp. of the consulting agreements with the Kootenay Subscribers and any of the other Purported Consultants, which provided for lump sum payments to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 123 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 127 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted from the news releases issued and the Form 9 filed by Kootenay Corp. concerning the Private Placement, as set out in paragraphs 121 and 125 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

129. In the days following the Private Placement, some or all of the Kootenay Subscribers began to dispose of the shares they acquired under the Private Placement, at sale prices that were less than the Kootenay Disclosed Share Price but were significantly in excess of the effective purchase price paid by the Kootenay Subscribers.

130. On February 8, 2018, five days after the closing of the Private Placement, Kootenay Corp. issued a news release to provide a market activity update, which was authorized on behalf of Kootenay Corp. by Tindall. The news release noted that the trading volumes of Kootenay Corp. shares on the OTCQB had increased following the news releases referred to above and stated that "the Company attributes the majority of any increased trading volumes on the OTCQB to the contents of its January 31, 2018 and February 2, 2018 news releases and the Company's change in management and ability to finance the company".

131. The statements in the February 8, 2018 news release, attributing the increased trading volumes in Kootenay Corp. shares to the news releases concerning the Private Placement, and to the consequent ability to finance the company, were statements of a material fact, within the meaning of s. 1 of the *Securities Act*. These statements were false, in that the increased trading volumes in Kootenay Corp. shares were a result of the sale by the Kootenay Subscribers of shares they had acquired under the Private Placement, at prices that were discounted from the Kootenay Disclosed Share Price but higher than the effective price paid for the shares by Kootenay Subscribers, and the statements constituted misrepresentations the meaning of s. 1 of the *Securities Act*.

132. The fact that the increased trading volumes of Kootenay Corp. shares were a result of the sale by the Kootenay Subscribers of shares they acquired under the Private Placement, at prices that were discounted from the Kootenay Disclosed Share Price but higher than the effective price paid for the shares by Kootenay Subscribers, was a material fact within the meaning of s. 1 of the *Securities Act*, and the omission of that fact from the February 8, 2018 news release constitutes a misrepresentation, within the meaning of s. 1 of the *Securities Act*.

133. Both Tindall and Jackson, and each of the Kootenay Subscribers, knew that the statements made in the news releases and the Form 9 announcing the Private Placements, and the statements made in the news release concerning the trading activity on Kootenay Corp., were false, as set out in paragraphs 126 and 131 above, when those news release were issued and the Form 9 was filed by Kootenay Corp., and also knew at that time that the news releases and the Form 9 omitted to state material facts concerning the Private Placement and the subsequent trading activity in Kootenay Corp. shares, as set out in paragraph 128 and 132 above, and that the omission of these facts made the news releases and the Form 9 misleading, all of which was also known to, or ought to have been known to, Torres, as a director of Kootenay Corp.

134. In the weeks following the February 8, 2018 news release, the Kootenay Subscribers continued to dispose of the shares acquired under the Private Placement. As a result, the trading price of the Kootenay Corp. shares on the CSE fell from $0.44, when the Private Placement closed in February 2, 2018, to $0.15 two months later on April 2, 2018.

135. No full and fair disclosure of the transactions underlying the Private Placement was made by Kootenay Corp. in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

136. In the ten trading days after public disclosure of the Scheme in the BCSC News Release, the shares of Kootenay Corp. traded on the CSE between $0.05 and $0.06.

B. Affinor Corp.

137. The second Private Placement carried out in the Scheme was in Affinor Corp. on March 8, 2018. The Private Placement was announced by Affinor Corp. in a news release dated March 5, 2018, which was authorized on behalf of Affinor by Brusatore. The news release stated that the purchase price for the shares acquired under the Private Placement would be $0.16 per unit (the "Affinor Disclosed Share Price") resulting a gross of proceeds of $4 million, and that these proceeds "will be used to fund Affinor's operations, corporate development and for general working capital purposes".

138. The Purported Consultants who acquired shares of Affinor Corp. in the Private Placement (the "Affinor Subscribers"), and the number of shares they acquired and the value of those shares at the Affinor Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Northwest Inc.	8,333,333	$1,333,333.28
Rockshore Ltd.	8,333,333	$1,333,333.28
Detona Corp.	4,268,750	$683,000
JCN Corp.	4,062,500	$650,000
Total	24,997,916	$3,999,666.56

139. Contemporaneously with or shortly before this Private Placement, and as a condition of the Affinor Subscribers participating in the Private Placement, these Purported Consultants entered into consulting agreements with the Affinor Subscribers which provided for lump sum payments to them upon the closing of the Private Placement, or shortly thereafter, from the proceeds of the Private Placement. The amounts paid under these consulting agreements, and who executed them on half of Affinor Corp., and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placement as a further condition of the Affinor Subscribers participating in the Private Placement, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the Affinor Subscribers and to Affinor Corp.

140. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Affinor Corp. to distribute shares to the Affinor Subscribers, who received those shares under false pretence.

141. On March 8, 2018, Affinor Corp. issued a further news release announcing the closing of the Private Placement, which was authorized on behalf of Affinor Corp. by Brusatore, and also filed a Form 9 concerning the Private Placement with the CSE, which was certified on behalf of Affinor Corp. by Chaudry, who had only become an officer and appointed CFO of Affinor Corp. three days earlier. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the Affinor Disclosed Share Price resulting in gross proceeds of $3,999,666. The news release stated that these proceeds of the operating "will be used to finance Affinor Corp.'s operations, corporate developments and for general working capital purposes" and the Form 9 stated that the proceeds would be used for "working capital advancing the vertical growing technology".

142. These statements in the news releases issued and the Form 9 filed by Affinor Corp., set out in paragraphs 137 and 141 above, were material facts concerning the Private Placement,

within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

143. Taking into account the monies paid by Affinor Corp. under the consulting agreements entered into contemporaneously with the Private Placement, which were a condition of an integral part of the Private Placement transaction:

a. the effective purchase price paid by the Affinor Subscribers for the shares they acquired under the Private Placement was far less than the Affinor Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Affinor Corp. use for general working capital.

144. The conclusion by Affinor Corp. of the consulting agreements with the Affinor Subscribers and any of the other Purported Consultants, which provided for lump sum payments to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 139 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 143 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted from the news releases issued and the Form 9 filed by Affinor Corp. concerning the Private Placement, as set out in paragraphs 137 and 141 above, and the omission of these facts from those news releases and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

145. In the days following the Private Placement, some or all of the Affinor Subscribers began to dispose of the shares they acquired under the Private Placement, at sale prices that were less than the Affinor Disclosed Share Price but were significantly in excess of the effective purchase price paid by the Affinor Subscribers.

146. On March 16, 2018, a week after the closing of the Private Placement, Affinor Corp. issued a news release to provide a market activity update, which was authorized on behalf of Affinor Corp. by Brusatore. The news release noted that the trading volumes of Affinor Corp. common shares on the OTCQB had increased and attributed the increased trading

volumes to the contents of its March news releases and "the continued positive advancement of the company's business."

147. The statement in the March 16, 2018 news release attributing the increase in trading volumes in Affinor Corp. common shares to the news releases concerning the Private Placement was a material fact, within the meaning of s. 1 of the *Securities Act*. This statement was false, in that the increases in trading volumes were a result of the sale by the Affinor Subscribers of shares they had acquired under the Private Placement, at sale prices that were discounted from the Affinor Disclosed Share Price but higher than the effective price paid for the shares by the Affinor Subscribers, and the statement constituted misrepresentations the meaning of s. 1 of the *Securities Act*.

148. The fact that the increased trading volumes of Affinor Corp. shares was a result of the sale by the Affinor Subscribers of shares they acquired under the Private Placement, at prices that were discounted from the Affinor Disclosed Share Price but higher than the effective price paid for the shares by Affinor Subscribers, was a material fact within the meaning of s. 1 of the *Securities Act*, and the omission of that fact from the May 16, 2018 news release constitutes a misrepresentation, within the meaning of s. 1 of the *Securities Act*.

149. Both Brusatore and Chaudry, and each of the Affinor Subscribers, knew that the statements made in the news releases and the Form 9 concerning the Private Placement, and the statement made in the news release concerning the trading activity on Affinor Corp. subsequent to the Private Placement, were false, as set out in paragraphs 142 and 147 above, when those news releases were issued and the Form 9 was filed by Affinor Corp., and each of them also knew at that time that the news release and the Form 9 omitted to state material facts concerning the Private Placement and the subsequent trading activity in Affinor Corp. shares, as set out in paragraphs 144 and 148 above, and that the omission of these facts made the news releases and the Form 9 misleading.

150. In the weeks following the March 16, 2018 news release, the Affinor Subscribers continued to dispose of the shares they acquired under the Private Placements over the weeks following the Private Placement. As a result, the trade price of the Affinor Corp. shares on

the CSE fell from $0.165 when the Private Placement closed on March 8, 2018 to $0.10 two months later on May 8, 2018.

151. No full and fair disclosure of the transactions underlying the Private Placement was made by Affinor Corp. in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

152. In the ten trading days after public disclosure of the Scheme in the BCSC News Release, the shares of Affinor Corp. traded on the CSE between $0.045and $0.055.

C. Green Corp.

153. The third Private Placement carried out in the Scheme was in Green Corp. on April 16, 2018. The Private Placement was announced by Green Corp. in a news release dated April 12, 2018, which was authorized on behalf of Green Corp. by Smulewicz. The news release stated that the purchase price for the shares acquired under the Private Placement would be $0.30 per unit the "Green Disclosed Share Price") resulting in gross proceeds of $4,280,000 and that these proceeds "will be used to complete facility upgrades, equipment purchases and general working capital of the Company".

154. The Purported Consultants who acquired shares of Green Corp. in the Private Placement (the "Green Subscribers"), and the number of shares they acquired and the value of those shares at the Green Disclosed Share Price, are as follows:

Consultant	Number of shares	Value
Detona Corp.	5,000,000	$1,500,000
Rockshore Ltd.	5,000,000	$1,500,000
Tollstam	1,666,666	$499,999.80
Hunton Ltd.	1,666,666	$499,999.80
Kendl Ltd.	933,333	$279,999.90
Total	14,266,665	$4,279,999.50

155. Contemporaneously with or shortly before this Private Placement, and as a condition of the Green Subscribers participating in the Private Placement, Green Corp. entered into consulting agreements with the Green Subscribers which provided for lump sum payments to them upon the closing of the Private Placement, or shortly thereafter, from the proceeds

of the Private Placement. The amounts paid under these consulting agreements, and who executed them on behalf of Green Corp., and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placement as a further condition of the Green Subscribers participating in the Private Placement, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the Green Subscribers and to Green Corp.

156. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Green Corp. to distribute shares to the Green Subscribers, who received those shares under false pretence

157. On April 16, 2018, Green Corp. filed a Form 9 concerning the Private Placement with the CSE, which was certified on behalf of Green Corp. by Young, and was subsequently amended by him on October 2, 2018, and on April 17, 2018, Green Corp. issued a further news release announcing the closing of the Private Placement, which was authorized on behalf of Green Corp. by Brusatore. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the Green Disclosed Share Price resulting in gross proceeds of $4,280,000. The news release stated that the proceeds "will be used to complete facility upgrades, equipment purchases and for general working capital of the Company" and the Form 9 similarly stated that the proceeds will be used for "facility upgrades, equipment purchases and general working capital".

158. These statements in the news releases issued and the Form 9 filed by Green Corp., set out in paragraph 153 and 157 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

159. Taking into account the monies paid by Green Corp. under the consulting agreements entered into contemporaneously with the Private Placement, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by the Green Subscribers for the shares they acquired under the Private Placement was far less than the Green Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Green Corp. use for general working capital.

160. The conclusion by Green Corp. of the consulting agreements with the Green Subscribers and any of the other Purported Consultants which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 155 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 159 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted from the news releases issued and the Form 9 filed by Green Corp. concerning the Private Placement, as set out in paragraphs 153 and 157 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

161. Both Smulewicz and Young, and each of the Green Subscribers, knew that the statements made in the news release and the Form 9 concerning in the Private Placement were false, as set in paragraph 158 above, when those new releases were issued and the Form 9 was filed by Green Corp., and each of the them also knew at that time that the news releases and the Form 9 omitted to state material facts concerning the Private Placement, as set out in paragraphs 160 above, and that the omission of the facts made the news releases and the Form 9 misleading, all of which was also known to, or ought to have been known to, Little, as a director of Green Corp.

162. In the days and weeks following the Private Placement, some or all of the Green Subscribers began to dispose of the shares they acquired under the Private Placement, at a sale prices that were less than the Green Disclosed Share Price but were significantly in excess of the effective purchase price paid by the Green Subscribers.

163. As a result, the trading price of the Green Corp. shares on the CSE fell from $0.295 when the Private Placement closed on April 17, 2018 to $0.14 two months later on June 15, 2018.

164. No full and fair disclosure of the transactions underlying the Private Placement was made by Green Corp. in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

165. In the ten trading days after public disclosure of the Scheme in the BCSC News Release, the shares of Green Corp. traded on the CSE between $0.055 and $0.065.

D. Beleave

166. The fourth Private Placement carried out in the Scheme was in Beleave on April 27, 2018, which was the first of two Private Placements in Beleave carried out in the Scheme. This first Private Placement was announced by Beleave in a news release dated April 24, 2018, which was authorized on behalf of Beleave by Wnek. The news releases stated that the purchase price for the shares acquired under the Private Placement would be $1.75 per unit (the "First Beleave Disclosed Share Price") resulting in gross proceeds of $5 million and quoted Wnek, Beleave's CEO, as stating "The capital will be used for G&A purposes and be available as we continue to evaluate a multitude of industry opportunities".

167. The Purported Consultants who acquired shares of Beleave in this Private Placement (the "First Beleave Subscribers"), and the number of shares they acquired and the value of those shares at the First Beleave Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Saiya Corp.	197,143	$345,000.25
Rockshore Ltd.	571,429	$1,000,000.75
Tollstam	374,286	$655,000.50
BridgeMark Corp.	1,142,858	$2,000,001.50
Detona Corp.	571,429	$1,000,000.75
Total	2,857,145	$5,000,003.75

168. Contemporaneously with or shortly before this Private Placement, and as a condition of the First Beleave Subscribers participating in the Private Placement, Beleave entered into consulting agreements with the First Beleave Subscribers which provided for lump sum payments to them upon the closing of the Private Placement, or shortly thereafter, from the proceeds of the Private Placement. The amounts paid under these consulting agreements, and who executed them on behalf of Beleave, and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placement as a further condition of the First Beleave Subscribers participating in the Private Placement, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the First Beleave Subscribers and to Beleave.

169. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Beleave to distribute shares to the First Beleave Subscribers, who received those shares under false pretence.

170. On April 26, 2018, Beleave issued a further news release announcing the closing of the Private Placement, which was authorized on behalf of Beleave by Wnek on April 27, 2018, and also filed a Form 9 concerning the Private Placement with the CSE, which was certified on behalf of Beleave by Krasic. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the First Beleave Disclosed Share Price resulting in gross proceeds of $5 million, and the Form 9 stated that these proceeds "will be used for general and administrative expenses and will be available as the Company continues to evaluate a number of industry opportunities".

171. These statements in the news releases issued and the Form 9 filed by Beleave, set out in paragraphs 166 and 170 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

172. Taking into account the monies paid by Beleave under the consulting agreements entered into contemporaneously with the Private Placement, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by the First Beleave Subscribers for the shares they acquired under the Private Placement was far less than the First Beleave Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Beleave use for general working capital.

173. The conclusion by Beleave of the consulting agreements with the First Beleave Subscribers and any of the other Purported Consultants which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 168 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 172 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by Beleave concerning the Private Placement, as set out in paragraphs 166 and 170 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

174. The second Private Placement in the Scheme carried out by Beleave was on June 12, 2018. The Private Placement was announced by Beleave in a news release dated June 8, 2018, which was authorized on behalf of Beleave by Wnek. The news release stated that the purchase price for the shares acquired under the Private Placement would be $2.00 per unit (the "Second Beleave Disclosed Share Price") resulting gross proceeds of $5 million and quoted Wnek as stating: "The capital will be used for G&A purposes and be available as we continue to evaluate a multitude of industry opportunities."

175. The Purported Consultants who acquired shares in Beleave in this second Private Placement (the "Second Beleave Subscribers"), and the number of shares they acquired and the value of those shares at the Second Beleave Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Rockshore Ltd.	1,000,000	$2,000,000
Detona Corp.	250,000	$500,000
MacPherson	250,000	$500,000
Northwest Inc.	250,000	$500,000
Sway Corp.	750,000	$1,500,000
Total	2,500,000	$5,000,000

176. Contemporaneously with or shortly before this Private Placement, and as a condition of the Second Beleave Subscribers participating in the Private Placement, Beleave entered into consulting agreements with the Second Beleave Subscribers which provided for lump sum payments to them upon the closing of the Private Placement, or shortly thereafter, from the proceeds of the Private Placement. The amounts paid under these consulting agreements, and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placement as a further condition of the Second Beleave Subscribers participating in the Private Placement, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the Second Beleave Subscribers and to Beleave.

177. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Beleave to distribute shares to the Second Beleave Subscribers, who received those shares under false pretence.

178. On June 11, 2018, Beleave issued a further news release announcing the closing of the Private Placement, which was authorized on behalf of Beleave by Wnek, and on June 12, 2018 filed a Form 9 concerning the Private Placement with the CSE, which was certified on behalf of Beleave by Krasic. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the Second Beleave Disclosed

Share Price resulting in gross proceeds of $5 million, and the Form 9 stated that these proceeds "will be used for general and administrative expenses and will be available as the company continues to evaluate a number of industry opportunities".

179. These statements in the news releases issued and the Form 9 filed by Beleave, set out in paragraphs 174 and 178 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

180. Taking into account the monies paid by Beleave. under the consulting agreements entered into contemporaneously with the Private Placement, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by the Second Beleave Subscribers for the shares they acquired under the Private Placement was far less than the Second Beleave Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Beleave use for general working capital.

181. The conclusion by Beleave of the consulting agreements with the Second Beleave Subscribers and any of the other Purported Consultants which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 176 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 180 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by Green Corp. concerning the Private Placement, as set out in paragraphs 174 and 178 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

182. Both Wnek and Krasic, and each of the First and Second Beleave Subscribers, knew that the statements made in the news releases and the Form 9s concerning the Private Placements were false, as set out in paragraphs 171 and 179 above, when these news releases were issued and the Form 9s were filed by Beleave, and each of them also knew at that time that the news releases and the Form 9s omitted to state material facts concerning the Private Placement, as set out in paragraphs 173 and 181 above, and that the omission of these facts made the news releases and the Form 9s misleading.

183. In the weeks following the first and second Private Placement, some or all of the First and Second Beleave Subscribers began to dispose of the shares they acquired under the Private Placement, at sale prices that were less than the First and Second Beleave Disclosed Share Prices but were significantly in excess of the effective purchase price paid by the First and Second Beleave Subscribers.

184. As a result, the trade price of the Beleave shares on the CSE fell from $1.43 when the first Private Placement closed on April 27, 2018, and from $1.62 when the second Private Placement closed on June 11, 2018, to $1.16 by the end of July 2018.

185. No full and fair disclosure of the transactions underlying the Private Placement was made by Beleave in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

186. On November 2018, the shares of Beleave's split seven for one. In the ten trading days after public disclosure of the Scheme in the BCSC News Release, the split shares of Beleave traded on the CSE between $0.08 and $0.14, which was equivalent to $0.56 and $0.98 for the pre-split shares.

E. Citation Corp.

187. The fifth Private Placement carried out in the Scheme was in Citation Corp. on May 18, 2018, which was the first of two Private Placements in Citation Corp. carried out in the Scheme. This first Private Placement was announced by Citation Corp. in a news release dated May 17, 2018, which was authorized on behalf of Citation Corp. by Sampson. The

news release stated that the purchase price for the shares acquired under the Private Placement would be $0.60 per unit (the "First Citation Disclosed Share Price") resulting gross proceeds of $4 million, and stated that these proceeds would be used for "(i) further development of the Company's Las Vegas project (ii) further development of the Company's project in Washington State (iii) further development of the Company's projects in the California and general corporate purposes." The news release also stated that the shares would be subject to a four month hold period.

188. The Purported Consultants who acquired shares of Citation Corp. in this first Private Placement (the "First Citation Subscribers"), and the number of the shares they acquired and the value of those shares at the First Citation Disclosed Share Price, was as follows:

Consultant	Number of Shares	Value
Tavistock Corp.	833,334	$500,000.40
Sway Corp.	1,666,667	$1,000,000.20
Northwest Inc.	1,666,667	$1,000,000.20
Villanueva	500,000	$300,000
Paddock	2,041,667	$1,225,000.20
Detona Corp.	708,334	$425,000.40
Gill	83,334	$50,000.40
Total	7,500,003	$4,500,001.80

189. Contemporaneously with or shortly before this Private Placement, and as a condition of the First Citation Subscribers in the Private Placement, Citation Corp. entered into consulting agreements with the First Citation Subscribers which provided for lump sum payments to them upon the closing of the Private Placements, or shortly thereafter, from the proceeds of the Private Placement. The amounts paid under these consulting agreements, and who executed them on behalf of Citation Corp., and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placements as a further condition of the First Citation Subscribers participating in the Private Placements, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the First Citation Subscribers and to Citation Corp.

190. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Citation Corp. to distribute shares to the First Citation Subscribers, who received those shares under false pretence.

191. On May 21, 2018, Citation Corp. issued a further news release announcing that the Private Placement had closed over-subscribed and subsequently filed a Form 9 concerning the Private Placement with the CSE on June 1, 2018, both of which were authorized and certified, respectively, by Sampson. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the First Citation Disclosed Share Price resulting in gross proceeds of $4.5 million. The news release stated that these proceeds "are intended to be used for (i) further development of the Company's Las Vegas project (ii) further development of the Company's project in Washington State (iii) further development of the Company's projects in the California and general corporate purposes" and the Form 9 similarly stated that the proceeds "will be used for the development of the Nevada, Washington and California projects and for general corporate purposes."

192. These statements in the news releases issued and the Form 9 filed by Citation Corp., set out in paragraphs 187 and 191 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

193. Taking into account the monies paid by Citation Corp. under the consulting agreements entered into contemporaneously with the Private Placement, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by the First Citation Subscribers for the shares they acquired under the Private Placement was far less than the First Citation Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Citation Corp. use for general working capital.

194. The conclusion by Citation Corp. of the consulting agreements with the First Citation Subscribers and other Purported Consultants, if any, which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 189 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 193 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by Citation Corp. concerning the Private Placement, as set out in paragraphs 187 and 191 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

195. The second Private Placement carried out by Citation Corp. in the Scheme was on June 11, 2018. The Private Placement was announced by Citation Corp. in a news releases dated June 4, 2018, which was authorized on behalf of Citation Corp. by Sampson. The news release stated that the purchase price for the shares acquired under the Private Placement would be $0.50 per unit (the "Second Citation Disclosed Share Price") resulting a gross of proceeds of $4.5 million and stated that these proceeds "are intended to be used for (i) further development of the Company's Las Vegas project (ii) further development of the Company's project in Washington State (iii) further development of the Company's projects in the California and general corporate purposes." The news release also stated that the shares issued under the Private Placement would be subject to a four month hold period.

196. The Purported Consultants who acquired shares in Citation Corp. in this second Private Placement (the "Second Citation Subscribers"), and the number of shares they acquired and the value of those shares at the Second Citation Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Escher SA	1,150,000	$575,000
Hunton Ltd.	2,000,000	$1,000,000
JCN Corp.	300,000	$150,000
Kendl Ltd.	1,000,000	$500,000
Northwest Inc.	1,600,000	$800,000

Sway Corp.	2,000,000	$1,000,000
Tavistock Corp.	1,100,000	$550,000
Total	9,150,000	$4,575,000

197. Contemporaneously with or shortly before this Private Placement, and as a condition of the Second Citation Subscribers participating in the Private Placement, Citation Corp. entered into consulting agreements with the Second Citation Subscribers which provided for lump sum payments to them upon the closing of the Private Placements, or shortly thereafter, from the proceeds of the Private Placement. The amounts paid under these consulting agreements, and who executed them on behalf of Citation Corp., and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placements as a further condition of the Second Citation Subscribers participating in the Private Placement, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the Second Citation Subscribers and to Citation Corp.

198. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Citation Corp. to distribute shares to the Second Citation Subscribers, who received those shares under false pretence.

199. On June 11, 2018, Citation Corp. issued a further news release announcing the closing of the Private Placement and on June 12, 2018 filed a Form 9 concerning Private Placement with the CSE, which were authorized and certified, respectively, on behalf of Citation Corp. by Sampson. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the Second Citation Disclosed Share Price resulting in gross proceeds of $4,675,000. The news release stated that these proceeds "are intended to be used (i) further development of the Company's Las Vegas project (ii) further development of the Company's project in Washington State (iii) further development of the Company's projects in the California and general corporate purposes" and the Form 9 similarly stated that "the proceeds from the private placement will be used for the

development of the Nevada, Washington and California projects and for general corporate purposes."

200. These statements in the news releases issued and the Form 9 filed by Citation Corp., set out in paragraphs 195 and 199 above, were statements of material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

201. Taking into account the monies paid by Citation Corp. under the consulting agreements entered into contemporaneously with the Private Placement, which were an integral part of the Private Placement transaction:

a. the effective purchase price paid by the Second Citation Subscribers for the shares they acquired under the Private Placement was far less than the Second Citation Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Citation Corp. for use for general working capital.

202. The conclusion by Citation Corp. of the consulting agreements with the Second Citation Subscribers and other Purported Consultants, if any, which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 197 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 201 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by Citation Corp. concerning the Private Placement, as set out in paragraphs 195 and 199 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

203. Sampson, and each of the First and Second Citation Subscribers, knew that the statements made in the news releases and the Form 9s concerning the Private Placements were false, as set out in paragraphs 192 and 200 above, when the news releases were issued and the

Form 9s were filed by Citation Corp., and also knew at that time that the news releases and the Form 9s omitted to state material facts concerning the Private Placement, as set out in paragraphs 194 and 202 above, and that the omission of these facts made the news releases and the Form 9s misleading, all of which was also known to, or ought to have been known to, Alexander and Neiken, as directors of Citation Corp., and to Pannu, as the Chief Financial Officer of Citation Corp.

204. In the weeks following the first and second Private Placement, some or all of the First and Second Citation Subscribers began to dispose of the shares they acquired under the Private Placement, at sale prices that were less than the First and Second Citation Disclosed Share Prices but were significantly in excess of the effective purchase price paid by the First and Second Citation Subscribers.

205. As a result, the trading price of the Citation Corp. shares on the CSE fell from $0.59 on May 22, 2018, just after the First Private Placement closed, to $0.43 when the second Private Placement closed on June 12, 2018, and to $0.25 by the end of July 2018.

206. No full and fair disclosure of the transactions underlying the Private Placement was made by Citation Corp. in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

207. In the ten trading days after disclosure of the Scheme in the BCSC News Release, the shares of Citation Corp. traded on the CSE between $0.185 and $0.23.

F. Cryptobloc

208. The sixth Private Placement carried out in the Scheme was in Cryptobloc on June 5, 2018. The Private Placement was announced by Cryptobloc in a news release dated May 18, 2018, which was authorized on behalf of Cryptobloc by Stevenson-Moore. The news release stated that the purchase price for the shares acquired under the Private Placement would be $0.15 per unit (the "Cryptobloc Disclosed Share Price") resulting in gross proceeds of $4.5 million and that these proceeds would be used for "general working capital and towards new acquisitions."

209. The Purported Consultants who acquired shares of Cryptobloc in the Private Placement (the "Cryptobloc Subscribers"), and the amount of shares they acquired and the value of those shares at the Cryptobloc Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Rockshore Ltd.	3,166,667	$475,000.05
Gill	300,000	$45,000
JCN Corp.	1,733,333	$265,999.95
Essos Corp.	7,066,667	$1,060,000.05
Detona Corp.	6,666,667	$1,000,000.05
658111 Ltd.	1,666,667	$250,000.05
Altitude Corp.	1,026,667	$154,000.05
Platinum Corp.	1,666,667	$250,000.05
Sway Corp.	6,666,667	$1,000,000.05
Total	30,000,002	$4,500,000.30

210. Contemporaneously with or shortly before this Private Placement, and as a condition of Cryptobloc Subscribers participating in the Private Placement, Cryptobloc entered into consulting agreements with the Cryptobloc Subscribers which provided for lump sum payments to them upon the closing of the Private Placements, or shortly thereafter, from the proceeds of the Private Placement. The amount paid under these consulting agreements, and who executed them on behalf of Cryptobloc, and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placements as a further condition of the Cryptobloc Subscribers participating in the Private Placement, and if so, the amounts payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the Cryptobloc Subscribers and to Cryptobloc.

211. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Cryptobloc to distribute shares to the Cryptobloc Subscribers, who received those shares under false pretence.

212. On June 5, 2018, Cryptobloc filed a Form 9 concerning the Private Placement with the CSE, and on June 6, 2018, Cryptobloc issued a further news release announcing the closing of the Private Placement, both of which were certified and authorized, respectively on behalf of Cryptobloc by Stevenson-Moore. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the Cryptobloc Disclosed Share Price resulting in gross proceeds of $4.5 million and that these proceeds would be used "for general working capital and towards new acquisitions."

213. These statements in the news releases issued and the Form 9 filed by Cryptobloc, set out in paragraphs 208 and 212 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

214. Taking into account the monies paid by Cryptobloc under the consulting agreements entered into contemporaneously with Private Placement, which were a condition of and an integral part of the Private Placement transaction:

    a. the effective purchase price paid by the Cryptobloc Subscribers above for the shares they acquired under the Private Placement was far less than the Cryptobloc Disclosed Share Price; and

    b. there was only a substantially reduced portion of the proceeds of the Private Placement available to Cryptobloc use for general working capital.

215. The conclusion by Cryptobloc of the consulting agreements with the Cryptobloc Subscribers and other Purported Consultants, if any, which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 210 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 214 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by Cryptobloc concerning the Private Placement, as set out in paragraphs 208 and 212 above, and the omission of these facts from those news release

and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

216. Stevenson-Moore, and each of the Cryptobloc Subscribers, knew that the statements made in the news releases and the Form 9 about the Private Placements were false, as set out in paragraphs 213 above, when the news releases were issued and the Form 9 was filed by Cryptobloc, and knew at that time the news releases and the Form 9 omitted to state material facts concerning the Private Placement, as set out in paragraph 215 above, and that the omission of these facts made the news releases and the Form 9 misleading, all of which was also known to, or ought to have been known to, Phillippe, as the Chief Financial Officer and a director of Cryptobloc, and Biles, as the only other director of Cryptobloc.

217. In the days following the Private Placement, some or all of the Cryptobloc Subscribers began to dispose of the shares they acquired under the Private Placement, at a sale price that were less than the Cryptobloc Disclosed Share Price but were significantly in excess of the effective purchase price paid by the Cryptobloc Subscribers.

218. On June 14, 2018, Cryptobloc issued a news release, authorized on behalf of Cryptobloc by Stevenson-Moore, stating that at the request of the Investment Industry Regulatory Organization of Canada ("IIROC"), Cryptobloc "wishes to confirm that management is unaware of any material change in the company's operations that would account for the recent increase in market activity."

219. This statement was untrue, as the material change from the disclosures by Cryptobloc concerning the Private Placement, which would account for the increase in market activity and which was known to Cryptobloc, is that Cryptobloc had issued free trading shares under the Private Placement to the Cryptobloc Subscribers at an effective price that was significantly discounted from the Cryptobloc Disclosed Share Price, and which permitted the Cryptobloc Subscribers to dispose of those shares for significant profit at prices below the trading price for Crytobloc shares. This was a material fact within the meaning of s. 1 of the *Securities Act*, and the omission of this fact from the June 14, 2018 news release, and the false statement in that news release concerning the market activity in Cryptobloc shares, constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act*, all

of which was known to Stevenson-Moore when he authorized the June 14, 2018 news release, and was also known to, or ought to have been known to, Phillippe, as the Chief Financial Officer and a director of Cryptobloc, and Biles, as the only other director of Cryptobloc.

220. On June 28, 2018, IIROC and the CSE halted trading in the shares of Cryptobloc pending the clarification of news.

221. As a result of the disposal by the Cryptobloc Subscribers of shares they acquired under the Private Placement, the trading price in Cryptobloc shares fell from $0.21 on June 7, 2018, the day after the Private Placement closed, to $0.06 on June 28, 2018, when the trading in the shares of Cryptobloc was halted.

222. No full and fair disclosure of the transactions underlying the Private Placement was made by Cryptobloc in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

223. Trading in the shares of Cryptobloc did not resume until December 11, 2018, after public disclosure of the Scheme in the BCSC News Release. At that time, the shares in Cryptobloc were trading at $0.01.

G. BLOK

224. The seventh Private Placement carried out in the Scheme was in BLOK on June 7, 2018. The Private Placement was announced by BLOK in a news release dated June 1, 2018, authorized on behalf of BLOK by Hyland. The news release stated that "due to investor demand," BLOK was increasing the size of a Private Placement previously announced on May 1, 2018, which had closed on May 17, 2018 raising proceeds of $545,884 from the purchase of units at $0.20 per unit. The news release stated that the second tranche of the Private Placement would also be for $0.20 per unit (the "BLOK Disclosed Share Price"), resulting in the total gross proceeds of $5 million and that these proceeds would be used for "the development of emerging blockchain technology, investment in strategic opportunities as well as for general working capital purposes." The news release also stated

that the shares issued under the second tranche of the Private Placement would be subject to a four month and one day resale restriction.

225. BLOK also filed a Form 9 concerning the expanded Private Placement with the CSE on June 1, 2018, which was certified on behalf of BLOK by Dawson. The Form 9 also stated that the purchase price of the shares under the expanded Private Placement would be the BLOK Disclosed Share Price resulting in total gross proceeds under the Private Placement of up to $5 million, and stated that those proceeds would be used for: "Development of BLOK chain technology, consulting fees for market awareness investment in potential opportunities, as well as for general working capital purposes."

226. The Purported Consultants who acquired shares of BLOK in the Private Placement (the "BLOK Subscriber Purported Consultants"), and the number of the shares they acquired and the value of those shares at the BLOK Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Detona Corp.	2,500,000	$500,000
Hunton Ltd.	5,000,000	$1,000,000
JCN Corp.	2,500,000	$500,000
MacPherson	2,500,000	$500,000
Kendl Ltd.	5,000,000	1,000,000
Tavistock Corp.	5,000,000	$1,000,000
Total	22,500,000	$4,500,000

227. Contemporaneously with or shortly before this Private Placement, and as a condition of BLOK Subscribers participating in the Private Placement, BLOK entered into consulting agreements with the BLOK Subscribers which provided for lump sum payments to them upon the closing of the Private Placements, or shortly thereafter, from the proceeds of the Private Placement. The amount paid under these consulting agreements, and who executed the agreements on behalf of BLOK, and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placements as a further condition of the BLOK Subscribers participating in the Private Placement, and if so, the amounts payable under those consulting agreements, are

not known to the Plaintiffs but these details are known to the BLOK Subscribers and to BLOK.

228. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by BLOK to distribute shares to the BLOK Subscribers, who received those shares under false pretence.

229. On June 8, 2018, BLOK issued a further news release announcing the closing of the Private Placement, authorized on behalf of BLOK by Hyland. The news release stated that the shares issued under the second tranche of the Private Placement had been purchased at the BLOK Disclosed Share Price resulting in gross proceeds of $4,857,500 and that these proceeds would be used "for the advancement of the Company's blockchain investment projects that are currently in the pipeline, evaluating new blockchain opportunities as part of its business model and for working capital purposes." The news release also stated that the shares purchased under the second tranche of the Private Placement were subject to a four month and one day resale restriction.

230. These statements in the news releases issued and the Form 9 filed by BLOK, set out in paragraphs 224, 225 and 229 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

231. Taking into account monies paid by BLOK under the consulting agreements entered into contemporaneously with Private Placements, which were a condition of and an integral part of the Private Placement transaction:

    a. the effective purchase price paid by the BLOK Subscribers for the shares they acquired under the Private Placement was far less than the BLOK Disclosed Share Price; and

    b. there was only a small portion of the proceeds of the Private Placement available to BLOK use for general working capital.

232. The conclusion by BLOK of the consulting agreements with the BLOK Subscribers and other Purported Consultants, if any, which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 227 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 231 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by BLOK concerning the Private Placement, as set out in paragraphs 224, 225 and 229 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

233. Both Dawson and Hyland, and each of the BLOK Subscribers, knew that the statements made in the news releases and the Form 9 concerning the Private Placements were false, as set out in paragraph 230 above, when the news releases were issued and the Form 9 was filed by BLOK, and each of them also knew that the news releases and the Form 9 omitted to state material facts concerning the Private Placement, as set out in paragraph 232 above, and that the omission of those facts made the news releases and the Form 9 misleading, all of which was also known to, or ought to have been known to, Alexander, as the Chief Financial Officer of BLOK.

234. In the days and weeks following the Private Placement, some or all of the BLOK Subscribers began to dispose of the shares they acquired under the Private Placement, at sale prices that were less than the BLOK Disclosed Share Price but were significantly in excess of the effective purchase price paid by the BLOK Subscribers.

235. As a result, the trade price of the BLOK shares on the CSE fell from $0.18 when the Private Placement closed on June 8, 2018 to $0.075 by the end of July 2018.

236. On September 26, 2018, BLOK filed a Form 9 dated June 30, 2018 concerning the completion of the Private Placement which was certified on behalf of BLOK by Alexander. This Form 9 did state: “The majority of the second tranche was used for payment of consulting fees.” The Form 9 did not state to whom, when and in what amount the

consulting fees were paid, or describe the relationship of the consulting agreements pursuant to which of those fees were paid to the acquisition of shares under the second tranche of the Private Placement.

237. These were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*, and the omission of them from the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act*. Alexander knew when the Form 9 was certified by him that the omission of these facts from the Form 9 made it misleading, which was also known to, or ought to have been known to, Dawson, as the President and Chief Financial Officer of BLOK, and Hyland, as a director of BLOK.

238. No full and fair disclosure of the transactions underlying the Private Placement was made by BLOK in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

239. In the ten trading days after public disclosure of the Scheme in the BCSC News Release, the shares of BLOK traded on the CSE between $0.035 and $0.02.

H. PreveCeutical

240. The tenth Private Placement carried out in the Scheme, after the second Private Placements in each of Beleave and Citation Corp., was in PreveCeutical on June 29, 2018. The Private Placement was announced by PreveCeutical in a news release dated April 9, 2018, which was authorized on behalf of PreveCeutical by Van Deventer. The news release stated that the purchase price for the shares acquired would be $0.25 per unit resulting in gross proceeds of $4 million, and stated that these proceeds would be "used to fund the Company's research and development programs and for general working capital purposes."

241. On May 23, 2018, PreveCeutical announced a forward stock split of the company's common shares on the basis of five new shares for each one existing.

242. In a news release issued by PreveCeutical on June 15, 2018, which was authorized on behalf of PreveCeutical by Van Deventer, PreveCeutical announced that it expected the

Private Placement announced on April 9, 2018 would be over-subscribed at the new price per unit $0.05, reflecting the forward stock split (the "PreveCeutical Disclosed Share Price"). The news release again stated the proceeds of the Private Placement "are intended to be used to fund the Company's research and development programs and for general working capital purposes."

243. The Purported Consultants who acquired shares of PreveCeutical. in the Private Placement (the "PreveCeutical Subscribers"), and the number of the shares they acquired and the value of those shares at the PreveCeutical Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Paddock	20,000,000	$1,000,000
Detona Corp.	20,000,000	$1,000,000
Jarman Corp.	10,000,000	$500,000
Northwest Inc.	30,000,000	$1,500,000
Total	80,000,000	$4,000,000

244. On June 26, 2018, shortly before the closing of this Private Placement, and as a condition of the PreveCeutical Subscribers participating in the Private Placement, PreveCeutical entered into consulting agreements with the PreveCeutical Subscribers, and with each of Lukor Corp., Kendl Ltd., BridgeMark Corp., Sway Corp., Escher SA, Tryton Corp., Essos Inc. and JCN Corp., which provided for lump sum payments to them upon the closing of the Private Placements from the proceeds of the Private Placement. The total amount paid under these consulting agreements was $2,775,000 paid as follows:

a. $425,000 to Northwest Inc.;

b. $350,000 to each of Jarman Corp., Lukor Corp., and Kendl Ltd.;

c. $250,000 to each of BridgeMark Corp. and Sway Corp.;

d. $200,000 to each of Paddock, Escher SA, and Tryton Corp.;

e. $100,000 to Detona Corp.; and

f. $50,000 to each of Essos Inc. and JCN Corp.

245. As stated in paragraph 119 above, the arrangements between the PreveCeutical Subscribers, and the other Purported Consultants set out in paragraph 244 above who did not acquire shares under the Private Placement but entered into consulting agreements with PreveCeutical as a condition of the PreveCeutical Subscribers participating in the Private Placement, concerning those consulting agreements and the amounts paid under them, the proceeds used by the PreveCeutical Subscribers to purchase their shares under the Private Placement, and the distribution of those shares or any proceeds from their disposition, are not known to the Plaintiffs but are known to the PreveCeutical Subscribers and these Purported Consultants.

246. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by PreveCeutical to distribute shares to the PreveCeutical Subscribers, who received those shares under false pretence

247. On June 29, 2018, PreveCeutical issued a further news release announcing the closing of the over-subscribed Private Placement, which was authorized on behalf of PreveCeutical by Van Deventer, and also filed a Form 9 concerning the Private Placement with the CSE, which was certified on behalf of PreveCeutical by Rajan. Both the news releases and the Form 9 stated that the shares issued under the Private Placement were purchased at the PreveCeutical Disclosed Share Price resulting in gross proceeds of $6,539,987.50, and both stated that these proceeds "are intended to fund the Company's research and development programs and for general working capital purposes." The news release also stated that the shares issued under the Private Placement will have a four month and one day hold period in Canada.

248. These statements in the news releases issued and the Form 9 filed by PreveCeutical, set out in paragraphs 240, 242 and 247 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

249. Taking into account the monies paid by PreveCeutical under the consulting agreements entered into contemporaneously with Private Placement, as set out in paragraph 244 above, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by the PreveCeutical Subscribers for the shares they acquired under the Private Placement was approximately 70% less than the PreveCeutical Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to PreveCeutical use for general working capital.

250. The conclusion by PreveCeutical of the consulting agreements with the PreveCeutical Subscribers and other Purported Consultants, set out in paragraph 244 above, which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 244 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 249 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by PreveCeutical concerning the Private Placement, as set out in paragraphs 240, 242 and 247 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

251. Both Van Deventer and Rajan, and each of the PreveCeutical Subscribers, knew that the statements made in the news releases and the Form 9 concerning the Private Placements were false, as set out in paragraphs 248 above, when the news releases were issued and the Form 9 was filed by PreveCeutical, and each of them also knew that the news releases and the Form 9 omitted to state material facts concerning the Private Placement, as set out in paragraph 250 above, and that the omission of those facts made the news releases and the Form 9 misleading.

252. In the days and weeks following the Private Placement, some or all of the PreveCeutical Subscribers began to dispose of the shares they acquired under the Private Placement, at sale prices that were less than the PreveCeutical Disclosed Share Price but were significantly in excess of the effective purchase price paid by the PreveCeutical Subscribers.

253. On September 18, 2018, PreveCeutical issued a news release, authorized on behalf of PreveCeutical by Van Deventer, which stated that at the request of IIROC, PreveCeutical "confirms that its management is not aware of any undisclosed corporate development material change to the company or its operations that would account for the recent increase in market activity."

254. This statement was untrue, as the undisclosed corporate development or material change that would account for the increase in market activity in PreveCeutical shares, and which was known to PreveCeutical, is that PreveCeutical had issued free trading shares under the Private Placement to the PreveCeutical Subscribers at an effective price that was significantly discounted from the PreveCeutical Disclosed Share Price, and which permitted the PreveCeutical Subscribers to dispose of those shares for significant profit at prices below the trading price for PreveCeutical shares. This was a material fact within the meaning of s. 1 of the *Securities Act*, and the omission of this fact from September 18, 2018 news release, and the false statement in that news release concerning the market activity and PreveCeutical, constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act*, all of which was known to Van Deventer when he authorized the September 18, 2018 news release, and which was also known to, or ought to have been known to, Rajan.

255. As a result of the disposition by the PreveCeutical Subscribers of shares they acquired under the Private Placement, the trading price of PreveCeutical shares on the CSE fell from $0.08 when the Private Placement closed on June 29, 2018 to $0.04 two months later on August 29, 2018.

256. No full and fair disclosure of the transactions underlying the Private Placement was made by PreveCeutical in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

257. In the ten trading days after public disclosure of the Scheme in the BCSC News release, the shares of PreveCeutical traded on the CSE between $0.055 and $0.07.

I. Abattis Corp.

258. The eleventh Private Placement carried out in the Scheme was in Abattis Corp. on July 10, 2018. There was no news release issued by Abattis Corp. announcing the Private Placement but Abattis Corp. filed two Form 9s concerning the Private Placement before it closed, one on July 4, 2018 and another on July 9, 2018, both of which were certified on behalf Abattis Corp. by Abenante. The Form 9s stated that the purchase price for shares issued under the Private Placement would be $0.17 per unit (the "Abattis Disclosed Share Price") resulting in gross proceeds of $2.25 million, and stated that the proceeds would be used for "general working capital purposes for the growth of the business."

259. The only Purported Consultant who acquired shares of Abattis Corp. in the Private Placement was Liu. He acquired $13,235,294 shares, which had a value at the Abattis Disclosed Share Price of $2,250,000.

260. Contemporaneously with or shortly before this Private Placement, and as a condition of Liu participating in the Private Placement, Abattis Corp. entered into consulting agreements with Liu which provided for a lump sum payment to him upon the closing of the Private Placement, or shortly thereafter, from the proceeds of the Private Placement. The amount paid under this consulting agreement, who executed the agreement on behalf of Abattis Corp., and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placements, and if so, the amount payable under those consulting agreements as a condition of Liu participating in the Private Placement, are not known to the Plaintiffs but these details are known to Liu and to Abattis Corp.

261. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Abattis Corp. to distribute shares to the Abattis Subscribers, who received those shares under false pretence

262. On July 10, 2018, Abattis Corp. filed another Form 9 concerning the completed Private Placement, and on July 11, 2018, Abattis Corp. issued a news release announcing the closing of the Private Placement, which were certified and authorized, respectively, on behalf of Abattis Corp. by Abenante. Both the news release and the Form 9 stated that the shares issued under the Private Placement were purchased at the Abattis Disclosed Share Price resulting in gross proceeds of $2.25 million. The news release stated that "the Company anticipates that these proceeds would be used to organically grow its existing downstream service division and for general working capital purposes," and the Form 9 stated that the proceeds would be used for "general working capital purposes for the growth of the business."

263. These statements in the news release issued and the Form 9s filed by Abattis Corp., set out in paragraphs 258 and 262 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

264. Taking into account the monies paid by Abattis Corp. under the consulting agreements entered into contemporaneously with Private Placement, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by Liu for the shares he acquired under the Private Placement was far less than the Abattis Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Abattis Corp. use for general working capital.

265. The conclusion by Abattis Corp. of a consulting agreement with Liu and any of the other Purported Consultants, if any, which provided for a lump sum payment to them

contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 260 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 264 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news release issued and the Form 9s filed by Abattis Corp. concerning the Private Placement, as set out in paragraphs 258 and 262 above, and the omission of these facts from the news release and the Form 9s constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

266. Abenante and Paddock, as a director of Abattis Corp. and an architect of the Scheme, and Liu each knew that the statements made in the news release and the Form 9s concerning the Private Placements were false, as set out in paragraph 263 above, when the news release and the Form 9s were issued by Abattis Corp., and each of them knew at that time that the news release and the Form 9s omitted to state material facts concerning the Private Placement, as set out in paragraph 265 above, and that the omission of the material facts made the news releases and the Form 9s misleading, all of which was also known to, or ought to have been known to, McParland, as the Chief Financial Officer of Abattis Corp.

267. In the days and weeks following the Private Placement, Liu began to dispose of the shares he acquired under the Private Placement, at sale prices that were less than the Abattis Corp. Disclosed Share Price but were significantly in excess of the effective purchase price paid by Liu.

268. As a result, the trading price of Abattis Corp. shares on the CSE fell from $0.135 when the Private Placement closed on July 10, 2018 to $0.10 one week later on July 7, 2018.

269. No full and fair disclosure of the transactions underlying the Private Placement was made by Abattis Corp. in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

270. In the ten trading days after public disclosure of the Scheme in the BCSC News Release, the shares of Abattis Corp. traded on the CSE between $0.10 and $0.065.

J. Speakeasy Ltd.

271. The twelfth Private Placement carried out in the Scheme was in Speakeasy Ltd. on July 23, 2018. The Private Placement was announced by Speakeasy Ltd. in a news release dated June 29, 2018, which was authorized on behalf of Speakeasy Ltd. by Marc Geen. The news release stated that the purchase price for the shares acquired under the Private Placement would be $0.70 per unit (the "Speakeasy Disclosed Share Price") resulting in gross proceeds of $3 million and that these proceeds would be used "for the Company's general working capital and development of it's Rock Creek Facility."

272. The Purported Consultants who acquired shares of Speakeasy Ltd. in the Private Placement (the "Speakeasy Subscribers"), and the number of shares they acquired and the value of those shares at the Speakeasy Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Liu	1,571,429	$1,100,000.03
Rockshore Ltd.	1,714,266	$1,200,000.20
Northwest Inc.	167,143	$117,000.10
Total	3,452,838	$2,417,000.60

273. Contemporaneously with or shortly before this Private Placement, and as a condition of the Speakeasy Subscribers participating in the Private Placement, Speakeasy Ltd. entered into consulting agreements with the Speakeasy Subscribers which provided for lump sum payments to them upon the closing of the Private Placements, or shortly thereafter, from the proceeds of the Private Placement. The amounts paid under these consulting agreements, who executed the agreements on behalf of Speakeasy Ltd., and whether any of the other Purported Consultants or any Unnamed Consultants entered into consulting agreements contemporaneously with the Private Placements as a further condition of the Speakeasy Subscribers participating in the Private Placement, and if so, the amount payable under those consulting agreements, are not known to the Plaintiffs but these details are known to the Speakeasy Subscribers and to Speakeasy Ltd.

274. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons,

as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by Speakeasy Ltd. to distribute shares to the Speakeasy Subscribers, who received those shares under false pretence

275. On July 23, 2018, Speakeasy Ltd., filed a Form 9 concerning the Private Placement with the CSE, which was certified on behalf of Speakeasy by Jackson, and on July 24, 2018, Speakeasy Ltd. issued a further news release announcing the closing of the Private Placement, which was authorized on behalf of Speakeasy Ltd. by Marc Geen. Both the news release and the Form 9 stated that the shares issued under the Private Placement were purchased at the Speakeasy Disclosed Share Price resulting in gross proceeds of $3 million. The news release stated that these proceeds "are for the Company's generally working capital" and the Form 9 similarly stated that the proceeds "will be used for general working capital purposes."

276. These statements in the news releases issued and the Form 9 filed by Speakeasy Ltd., set out in paragraphs 271 and 275 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

277. Taking into account the monies paid by Speakeasy Ltd. under the consulting agreements entered into contemporaneously with Private Placement, which were a condition of and an integral part of the Private Placement transaction:

a. the effective purchase price paid by the Speakeasy Subscriber Purported Consultants for the shares they acquired under the Private Placement was far less than the Speakeasy Disclosed Share Price; and

b. there was only a small portion of the proceeds of the Private Placement available to Speakeasy Ltd. use for general working capital.

278. The conclusion by Speakeasy Ltd. of the consulting agreements with the Speakeasy Subscribers and any of the other Purported Consultants, if any, which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 273 above, and the impact of the payments made under

those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 277 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by Speakeasy Ltd. concerning the Private Placement, as set out in paragraphs 271 and 275 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

279. Both Marc Geen and Jackson, as the Chief Financial Officer of Speakeasy Ltd. and an architect of the Scheme, and each of the Speakeasy Subscribers, knew that the statements made in the news releases and the Form 9 concerning the Private Placements were false, as set out in paragraph 276 above, when the news releases were issued and the Form 9 was filed by Speakeasy Ltd., and each of them knew at that time that the news releases and the Form 9 omitted to state material facts concerning the Private Placement, as set out in paragraph 278, and that the omission of these facts made the news release and the Form 9 misleading, all of which was also known to, or ought to have been known to, Mervyn Geen, Ross and Kaulins, as directors of Speakeasy Ltd.

280. In the days following the Private Placement, some or all of the Speakeasy Subscribers began to dispose of the shares they acquired under the Private Placement, at sale prices that were less than the Speakeasy Disclosed Share Price but were significantly in excess of the effective purchase price paid by the Speakeasy Subscribers.

281. As a result, the trading price of Speakeasy Ltd. shares on the CSE fell from $0.61 when the Private Placement closed on July 23, 2018 to $0.465 three days later on July 26, 2018.

282. No full and fair disclosure of the transactions underlying the Private Placement was made by Speakeasy Ltd. in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

283. In the ten trading days after disclosure of the Scheme in the BCSC News Release, the shares of Speakeasy Ltd. traded on the CSE between $0.49 and $0.21.

K. KOPR

284. The thirteenth and final Private Placement carried out in the Scheme was in KOPR on August 8, 2018. The Private Placement was announced by KOPR in a news release dated July 25, 2018, which was authorized on behalf of KOPR by Gardener-Evans. The news release stated that the purchase price for the shares acquired under the Private Placement would be $0.125 per unit (the "KOPR Disclosed Share Price") resulting gross in proceeds of $5 million and that these proceeds would "be used for general corporate purposes, including G&A and exploration on the Company's projects."

285. The Purported Consultants who acquired shares of KOPR in the Private Placement (the "KOPR Subscribers"), and the number of shares they acquired and the value of those shares at the Disclosed Share Price, are as follows:

Consultant	Number of Shares	Value
Tavistock Corp.	5,000,000	$625,000
Jarman Inc.	5,000,000	$625,000
Northwest Inc.	5,000,000	$625,000
Lukor Corp.	5,000,000	$625,000
Escher SA	5,000,000	$625,000
Haight-Ashbury Ltd.	2,000,000	$250,000
Hunton Ltd.	5,000,000	$625,000
1153307 Ltd.	4,000,000	$500,000
Bertho Ltd.	1,208,000	$151,000
Total	37,208,000	$4,651,000

286. On July 31, 2018, shortly before the closing of this Private Placement, and as a condition of the participation of the KOPR Subscribers participating in the Private Placement, KOPR entered into consulting agreements with each of the KOPR Subscribers, and with Detona Corp., 10X Capital, Viral Inc., 727 Capital and Kendl Ltd., which provided for lump sum payments to them from the proceeds of the Private Placement. The total amount paid under those consulting agreements was $3,972,500, which was paid as follows:

a. $490,000 to 1153307 Ltd.;

b. $420,000 to Tavistock Corp.;

c. $400,000 to Kendl Ltd.;

d. $315,000 to Viral Inc.;

e. $300,000 to each of Escher SA, Hunton Ltd., 10X Capital, and 727 Capital;

f. $262,500 to Northwest Inc.;

g. $210,000 to each of Jarman Inc., Lukor Corp., and Haight-Ashbury Ltd.;

h. $150,000 to Bertho Ltd.; and

i. $105,000 to Detona Corp.

287. As stated in paragraph 119 above the arrangements between the KOPR Subscribers, and the other Purported Consultants set out in paragraph 286 above who did not acquire shares under the Private Placement but entered into consulting agreements with KOPR as a condition of the KOPR Subscribers participating in the Private Placement, concerning those consulting agreements and the amounts paid under them, the proceeds used by the KOPR Subscribers to purchase their shares under the Private Placement, and the distribution of those shares or any proceeds from their disposition, are not known to the Plaintiffs but are known to the KOPR Subscribers and these Purported Consultants.

288. These consulting agreements were a sham and a false pretence, as set out in paragraph 107 above, entered into for the purposes set out in paragraph 108 above, and for those reasons, as set out in paragraph 109, the consulting agreements did not support the use of the Consultant Exemption by KOPR to distribute shares to the KOPR Subscribers, who received those shares under false pretence

289. On August 8, 2019, KOPR filed a Form 9 concerning the Private Placement with the CSE and on August 9, 2018, KOPR issued a further news release announcing the closing of the Private Placement, both of which were certified and authorized, respectively, on behalf of KOPR by Gardener-Evans. Both the news release and the Form 9 stated that the shares issued under the Private Placement were purchased at the KOPR Disclosed Share Price resulting in gross proceeds of $4,651,000. The news release stated that these proceeds

"will be used for the general corporate purposes including G&A and exploration on the Company's projects" and the Form 9 similarly stated that the proceeds will be used for "general corporate purposes, including G&A and exploration on the Issuer's projects."

290. These statements in the news releases issued and the Form 9 filed by KOPR, set out in paragraphs 284 and 289 above, were material facts concerning the Private Placement, within the meaning of s. 1 of the *Securities Act*. The statements were untrue and constituted misrepresentations within the meaning of s. 1 of the *Securities Act*.

291. Taking into account the monies paid by KOPR under the consulting agreements entered into contemporaneously with Private Placement, which were a condition of and an integral part of the Private Placement transaction:

    a. the effective purchase price paid by the KOPR Subscribers for the shares they acquired under the Private Placement was 85% less than the KOPR Disclosed Share Price; and

    b. there was only a small portion of the proceeds of the Private Placement available to KOPR use for general working capital.

292. The conclusion by KOPR of the consulting agreements with the KOPR Subscribers and other Purported Consultants, set out in paragraph 286 above, which provided for a lump sum payment to them contemporaneously with or shortly after the closing of the Private Placement, as set out in paragraph 286 above, and the impact of the payments made under those consulting agreements from the proceeds of the Private Placement, as set out in paragraph 291 above, were material facts concerning the Private Placement within the meaning of s. 1 of the *Securities Act*. These facts were omitted form the news releases issued and the Form 9 filed by KOPR concerning the Private Placement, as set out in paragraphs 284 and 289 above, and the omission of these facts from those news release and the Form 9 constitutes a misrepresentation within the meaning of s. 1 of the *Securities Act.*

293. Gardener-Evans, and each of the KOPR Subscribers, knew that the statements made in the news releases and the Form 9 concerning the Private Placements were false, as set out in paragraphs 290 above, when the news releases were issued and the Form 9 was filed by KOPR, and each of them also knew that the news releases and the Form 9 omitted to state material facts concerning the Private Placement, as set out in paragraph 292 above, and that the omission of those facts made the news releases and the Form 9 misleading.

294. On August 20, 2018, IIROC halted trading in the shares of KOPR pending clarification of company affairs. By that time, as a result of the sale by the KOPR Subscribers of the shares they had acquired under the Private Placement, at sales prices that were less than the KOPR Disclosed Share Price but over significantly in excess of the effective price paid by the Kootenay Subscribers, the trading price of the KOPR shares on the CSE had fallen from $0.08 when the closing of the Private Placement was announced August 9, 2018 to $0.055 on August 20, 2018 when trading was halted.

295. No full and fair disclosure of the transactions underlying the Private Placement was made by KOPR in any of its news releases or public filings before the BCSC investigation of the Scheme was announced in the BCSC News Release on November 26, 2018.

296. The shares of KOPR did not resume trading until January 10, 2019, well after the public disclosure of the Scheme in the BCSC News Release, and traded at prices between $0.025 and lower between then and January 21, 2019.

The Plaintiffs' Share Purchases

297. The Plaintiff Tietz began acquiring and selling shares in Cryptobloc at the end of April 2018. When the Private Placement in Cryptobloc announced on May 18, 2018, the Plaintiff Tietz held 53,600 shares in Cryptobloc, acquired at a net cost (total purchase cost less sales proceeds) of $13,347.42.

298. After the closing of the Private Placement was announced by Cryptobloc on June 6, 2018, the Plaintiff Tietz acquired a further 20,000 shares in Cryptobloc on June 12, 2018 at a

price of $0.185. After the news release was issued by Cryptobloc on June 14, 2008 concerning the increase in market activity in Cryptobloc shares, the Plaintiff Tietz continued to purchase Cryptobloc shares. He acquired an additional 480,000 shares in Cryptobloc between June 15, 2018 and June 21, 2018, at prices ranging between $0.16 and $0.07. The total cost to the Plaintiff Tietz of the 500,000 shares he purchased in Cryptobloc in June 2018 was $44,519.19.

299. In this same period in June, the Plaintiff Tietz disposed of 63,000 shares Cryptobloc for proceeds of $13,845.02.

300. The Plaintiff Loewen acquired 50,000 shares of KOPR on August 9, 2018 at a price of $0.08 for a cost of $4,000.

301. The Plaintiff Loewen sold those shares when KOPR resumed trading on January 10, 2019 at a price of $0.025 for proceeds of $1,250.

Part 2: RELIEF SOUGHT

302. Damages for unlawful conspiracy against the Purported Consultants and the Issuers.

303. In the alternative, as against the Purported Consultants or some of them, disgorgement of the benefit they obtained as a result of their tortious conduct on the grounds of waiver of tort.

304. A declaration that Purported Consultant Officers and Directors are vicariously liable for any damages for unlawful conspiracy awarded against the Purported Consultant for which they acted as an officer or director.

305. A declaration that Issuer Officer and Directors are vicariously liable for any damages for unlawful conspiracy awarded against the Issuer for which they acted as an officer or director.

306. Statutory damages for secondary market misrepresentations, pursuant to s. 140.3 and s. 140.5 of the *Securities Act,* and if necessary, pursuant to the equivalent sections of the Other Canadian Securities Legislation, as defined in paragraph 323 below, against the Issuers and the Issuer Officers and Directors.

307. Damages for fraudulent misrepresentation, or in the alternative, negligent misrepresentation, against the Issuers and the Issuer Officers and Directors.

Part 3: LEGAL BASIS

Unlawful Conspiracy

308. The Scheme, was dishonest, deceitful and deceptive, and constituted a fraud on the market for the Issuers' shares affecting the public market price of those shares, contrary to s. 380(1)(a) and s. 380(2) of the *Criminal Code*, R.S.C. 1985, c-46, as amended (the "*Criminal Code*"), and conduct resulting in or contributing to a misleading appearance of trading activity in the Issuers' shares, contrary to s. 57 of the *Securities Act*, in that:

a. the consulting agreements entered into between the Issuers and the Purported Consultants as a condition of the Private Placements were a sham and a false pretence;

b. the Issuers distributed, and the Purported Consultants received, shares under the Private Placements pursuant to the Consultant Exemption when they were not lawfully entitled to do so and under false pretence;

c. the price paid by the Purported Consultants for the Issuers' shares they acquired in the Private Placements was far less than the Disclosed Share Price represented to the public market to have been paid for those shares;

d. the proceeds of the Private Placements available to the Issuers for use for general working capital was far less than the amounts represented to the public market to be available; and

e. the Purported Consultants who acquired shares under the Private Placements sold all or most of those shares for a significant profit to Class members, including the Plaintiffs, knowing that the true circumstances of the Private Placements had not been disclosed to the market and that the Plaintiffs and the Class members would not have purchased those shares, or would have purchased them for a significantly lesser price, had the Scheme and the Private Placements never been carried out or had the true circumstances of the Private Placements been disclosed to the market when the Private Placements proceeded.

309. As set out in paragraphs 103 and 120 above, the Scheme was conceived and agreed to by Jackson, Liu, Paddock, and Mawji in or around January 2018 and implemented by them with respect to a Private Placement carried out in Kootenay Corp. in February 2018. In so doing, each of Jackson, Liu, Paddock and Mawji became parties to an agreement to commit fraud contrary to s. 380(1)(a) and s. 380(2) of the *Criminal Code* and to engage in conduct resulting or contributing to misleading appearance of trading activity contrary to s. 57 of the *Securities Act* (the "Unlawful Conspiracy").

310. The other Purported Consultants became parties to the Unlawful Conspiracy when they agreed to and did participate in the Scheme, as set out in paragraph 105 above.

311. Each of the Issuers became a party to the Unlawful Conspiracy when each Issuer agreed to undertake their respective Private Placements in accordance with terms of the Scheme.

312. The predominant purpose of the Unlawful Conspiracy for each Issuer was to maintain the share price of, and investor confidence in, the Issuer through the deception that the Private Placement of the Issuer carried out as part of the Scheme had resulted in significant capital financing for the Issuer which could be used for general working capital purposes.

313. The predominant purpose of the Unlawful Conspiracy for the Purported Consultants was to profit from that deception, at the expense of the Plaintiffs and the Class members, through the sale to them of the Issuers' shares acquired by the Purported Consultants in the Private Placements, which shares either would not have been purchased by the Plaintiffs and the Class members, or would have been purchased by them for significantly lesser

price, had the conspiracy and Private Placements never been carried out or had the true circumstances of the Private Placements been disclosed.

314. In furtherance of the Unlawful Conspiracy, the Purported Consultants and the Issuers committed the following unlawful and overt acts:

a. each of the Purported Consultants and the Issuers entered in the false pretence of the consulting agreements as a condition of the Private Placements;

b. the Issuers distributed, and the Purported Consultants who participated in the Private Placements received, shares under the Consultant Exemption when they were not lawfully entitled to do so and under false pretence;

c. the Issuers made misrepresentations concerning the Private Placements, and in some instances, the trading activity in their shares subsequent to the Private Placements, to the knowledge and with the agreement and acquiescence of the Purported Consultants participating in the Private Placement; and

d. the Purported Consultants who received shares under the Private Placements sold all or most of the those shares for a significant profit to Class members, including the Plaintiffs, knowing that the true facts of the Private Placements had not been disclosed to the market and that the Plaintiffs and Class members would not have purchased those shares, or would have paid a substantially lower price for those shares, had the conspiracy and Private Placements not been undertaken or had the true nature of the Private Placements been disclosed;

which acts, individually and collectively, were dishonest, deceitful and deceptive and were contrary to s. 380(1)(a) and s. 380(2) of the *Criminal Code* and s. 57 of the *Securities Act*.

315. The Unlawful Conspiracy was directed at the Plaintiffs and Class members, as purchasers of the shares in the Issuers subsequent to the Private Placements which were carried out as part of the Unlawful Conspiracy, in that each of the Purported Consultants and Issuers knew that subsequent to the Private Placements in each Issuer, shares in that Issuer would be purchased by Class members which either never would have been purchased, or would

have been purchased at substantially lower prices, had the conspiracy and the Private Placements never been carried out or had the true nature of the Private Placements been disclosed to the market.

316. The Unlawful Conspiracy has caused loss and damage to the Plaintiffs and Class members through:

a. the purchase by them of shares or additional shares in the Issuers which either never would have been purchased, or would have been purchased by them at a lower price, had the Unlawful Conspiracy and the Private Placements never been carried out or had the true nature of the Private Placements been disclosed; and

b. the erosion in the trading value of the shares in an Issuer acquired by the Plaintiffs and the Class members, resulting from the sale by the Purported Consultants of shares of that Issuer they acquired under the Private Placements at prices discounted to the trading price of the shares but at a substantial profit to the Purported Consultants.

317. Each of the Purported Consultants and each of the Issuers are jointly and severally liable to the Plaintiffs and each Class member for the loss suffered by the Plaintiffs and each Class member as a result of the Unlawful Conspiracy.

Waiver of Tort

318. In the alternative, the Plaintiffs and Class members elect to waive the tort of Unlawful Conspiracy against those Purported Consultants who sold some or all of the shares they acquired under the Private Placements, and seek to recover the benefit accrued to those Purported Consultants as a result of their tortious conduct.

319. Each of these Purported Consultants accrued a benefit in the form of profit from the sale of the shares they acquired under the Private Placements. The Plaintiffs and Class members are entitled to a disgorgement of this benefit obtained by these Purported Consultants.

Vicarious Liability

320. Each of the Purported Consultant Officers and Directors are vicariously liable for the acts carried out in the Unlawful Conspiracy by the Purported Consultant for which they acted as an officer and director, or both, because:

a. those acts were committed by that Purported Consultant under their direction and control; and

b. each of them knew that, or were reckless or willfully blind as to whether, those acts were dishonest, deceitful and deceptive, and constituted a fraud on the public market for the Issuers' shares contrary to the s. 380(1)(a) and s. 380(2) of the *Criminal Code,* and conduct resulting in or contributing to a misleading appearance of trading activity in the Issuers' shares, contrary to s. 57 of the *Securities Act.*

321. Each of the Issuer Officers and Directors are vicariously liable for the acts carried out in the Unlawful Conspiracy by of the Issuer for which they acted as an officer or director, or both, because:

a. those acts were committed by that Issuer under their direction and control; and

b. each of them knew that, or were reckless or willfully blind as to whether those acts were dishonest, deceitful and deceptive, constituted a fraud on the public market for the shares of that Issuer contrary to the s. 380(1)(a) and s. 380(2) of the *Criminal Code*, and conduct resulting in or contributing to misleading appearance of trading activity in the Issuers' shares, contrary to s. 57 of the *Securities Act*.

Statutory Secondary Market Liability

322. The Plaintiffs claim, on their own behalf and on behalf of the Class members, the right of action for secondary market misrepresentation under s. 140.3 of the *Securities Act* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation), as defined in paragraph 323 below, against the Issuers and the Issuer Officers and Directors, in respect of the news releases and the Form 9s released or filed by the Issuers in respect of the Private

Placements, subject to leave to do so being granted under s. 140.8 of the *Securities Act* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

323. The "Other Canadian Securities Legislation" means collectively the *Securities Act*, RSA 2000, c S-4, as amended; the *Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as amended; the *Securities Act*, RSO 1990, c 5.5, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, RSQ c V-1.1, as amended; the *Securities Act*, 1988 SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended.

324. Each of the Issuers is a "Responsible Issuer" within the meaning of s. 140.1 of the *Securities Act* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

325. Each of the News Releases and the Form 9s released or filed by the Issuers in respect of the Private Placements, or the trading activity in the Issuer subsequent to the Private Placement, as set out in paragraphs 121, 125, 130, 137, 141, 146, 153, 157, 166, 170, 174, 178, 187, 191, 195, 199, 208, 212, 218, 224, 225, 229, 236, 240, 242, 247, 253, 258, 262, 271, 275, 284, and 289 above (collectively, the "News Releases and Form 9s"), were "documents" within the meaning of s. 140.1 of the *Securities Act* (and, if necessary, the equivalent section of the Other Canadian Securities Legislation).

326. Each of the News Releases and Form 9s contained misrepresentations within the meaning of s. 1 of the *Securities Act* (and, if necessary, the equivalent section of the Other Canadian Securities Legislation), as set out in paragraphs 126, 128, 131, 132, 142, 144, 147, 148, 158, 160, 171, 173, 179, 181, 192, 194, 200, 202, 213, 215, 230, 232, 237, 248, 250, 254, 263, 265, 276, 278, 290, and 292 above (collectively, the "Misrepresentations").

327. Each of the Issuer Officers and Directors was either an officer or director, or both, of one of the Issuers at the time the News Releases and Form 9s containing the Misrepresentations were released or filed by that Issuer, and each of them either authorized the release of those

News Releases or certified the Form 9s on behalf of that Issuer, or permitted or acquiesced in their release or filing.

328. Each of the Issuer Officers and Directors, at the time the News Releases were issued or the Form 9s were filed by the Issuer for which they then acted as an officer or director or both, knew that those News Releases and Form 9s contained the Misrepresentations, as set out in paragraphs 133, 149, 161, 182, 203, 216, 219, 233, 237, 251, 254, 266, 279, and 293.

329. In the alternative, if any one or more of the Issuer Officers and Directors, at the time the News Releases and Form 9s were released by the Issuer for which then they acted as an officer or director or both, did not know that the News Releases and Form 9s contained the Misrepresentations, then each of those Issuer Officer s and Directors either:

a. deliberately avoided acquiring knowledge, before those News Releases or Form 9s were released by the Issuer, that those News Releases or Form 9s contained the Misrepresentations; or

b. was guilty of gross misconduct in connection with those News Releases or Form 9s, as even the most minimal inquiry concerning the terms of the Private Placements, which were the subject of that News Releases and Form 9s would have revealed that the News Releases and Form 9s, contained the Misrepresentations.

330. The Plaintiff Tietz has a right of action for damages in respect of his shares purchases in Cryptobloc, as set out in paragraphs 297 through 299, against Cryptobloc, Stevenson-Moore, Phillippe and Biles, and the Plaintiff Loewen has a right of action in respect of his shares purchases in KOPR, as set out in paragraphs 300 and 301 above, against KOPR and Gardener-Evans, pursuant to s. 140.3(1) of the *Securities Act*, and both claim damages in respect of their shares purchases assessed in accordance with s. 140.5 of the *Securities Act*.

331. Each Class member who acquired shares in one of the Issuers, during the applicable Class Period for that Issuer as set out in paragraph 100 above, has a right of action for damages in respect of those share purchases against that Issuer, and against the Issuer Officers and Directors who served as officers or directors or both of that Issuer when the News Releases and Form 9s were released, pursuant to s. 140.3(1) of the *Securities Act*, and each claims

damages against them for those share purchases assessed in accordance with s. 140.5(1) of the *Securities Act* (and, if necessary, pursuant to the equivalent sections of the Other Canadian Securities Legislation).

Fraudulent or Negligent Misrepresentation

332. The News Releases and Form 9s were released or filed by each Issuer, and were authorized or permitted or acquiesced in by each of the Issuer Officers and Directors who acted as officers and directors for each Issuer when the News Releases and Form 9s were released or filed, knowing that the Misrepresentations in the News Releases and Form 9s were false or with reckless disregard to whether to the Misrepresentations were true.

333. The Misrepresentations in the News Releases and the Form 9s were made by each Issuer, and were authorized or permitted or acquiesced in by the Issuer Officers and Directors who were officers and directors of each Issuer when the News Releases and Form 9s were released or filed, with the intention that the Plaintiffs and the Class members would rely on the Misrepresentations in determining whether to purchase shares of the Issuer and to induce the Plaintiffs and the Class members to purchase those shares.

334. In the alternative, each of the Issuer Officers and Directors, at the time the News Releases and Form 9s were released or filed by the Issuer for which they then acted as officers and directors or both, knew and understood that:

a. those News Releases and Form 9s were released or filed to fulfill, comply with and discharge the Issuer's disclosure obligations and requirements under the *Securities Act*, the CSA National Policy 51-201 and the CSE's Policy 5;

b. those News Releases and Form 9s were prepared, and released or filed, for the purpose of providing material information concerning the Issuer which was intended to be, and which would reasonably be, relied upon by the Class members, including the Plaintiffs, in making their decision to purchase shares or further shares in the Issuer; and

c. the information contained in those News Releases and Form 9s would be incorporated into the price of the Issuer's publicly traded shares such that the trading price of those shares would at all times reflect the information contained in those News Releases and Forms 9s, and that information was so incorporated into the price of the Issuer's publicly traded shares;

and in these circumstances, each of the Issuer Officers and Directors had a duty of care at common law, informed by the Issuer's disclosure obligations and requirements referenced in paragraph (a) above, to the Class members to exercise reasonable care and due diligence to ensure that the information set out in the News Releases and Form 9s, released or filed by the Issuer for which they then acted as an officer or director or both, was fair and accurate and fully and fairly disclosed all material information concerning the Private Placement which was the subject of those News Releases and Form 9s.

335. Each of the Issuer Officers and Directors breached their duty of care, set out in paragraph 334 above, by failing to take reasonable steps to ensure that the material information in the News Release and the Form 9s, released or filed by the Issuer for which they then acted as an officer or director or both, was fair and accurate, which included:

a. failing to review the consulting agreements used to purportedly justify the use of the Consultants Exemption to distribute shares under the Private Placement which was the subject of the News Releases and Form 9s; and

b. failing to require that those News Releases and Form 9s disclose:

i. the consulting agreements with the Purported Consultants entered into contemporaneously with and a condition of the Private Placement which was the subject of the News Releases and Form 9s;

ii. the amount of the proceeds of that Private Placement which would be immediately used to pay lump sum consulting fees under the consulting agreements;

iii. the impact of these payments under the effective share price paid by those Purported Consultants who acquired shares under that Private Placement; and

iv. the true amount of the proceeds of that Private Placement available to the Issuer to use as working capital.

336. Had the Issuer Officers and Directors not breached their duty of care to the Plaintiffs and the Class members, as set out in paragraph 335 above, then the Private Placement which was the subject of the News Release and Form 9s, released or filed by the Issuer for which they then acted as officers and directors or both, would not have been carried out, or the Misrepresentations in those News Releases and Form 9s would not have been made.

337. The Plaintiffs and the Class members relied, directly or indirectly, on the Misrepresentations in the News Releases and Form 9s released or filed by each Issuer, and did so reasonably, in making the decision to acquire shares or further shares in that Issuer, subsequent to the release of the News Releases and Form 9s.

338. The Plaintiffs and the Class members suffered a loss as a result of the Misrepresentations and their reliance on them, and as result of the breaches of duty by the Issuer Officers and Directors, set out in paragraph 335 above, though the purchase of shares in the Issuers and in the case of the Plaintiff Tietz, through the purchase of shares in the Cryptobloc, and in the case of the Plaintiff Loewen, through the purchase of shares in KOPR, which shares would not have been purchased, or would have been purchased for a significantly lesser price, had the Private Placements in that Issuers never occurred, or had the Misrepresentations in the News Releases and Forms 9s never been made and the true circumstances of the Private Placements had instead been disclosed in those News Releases and Form 9s.

Jurisdiction

339. There is a real and substantial connection between British Columbia and the facts alleged in this proceeding. The Plaintiffs and the other Class members plead and rely upon the *Court Jurisdiction and Proceedings Transfer Act*, RSBC 2003, c 28 ("*CJPTA*") in respect

of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to sections 10(f) through 10(h) of the *CJPTA* because this proceeding:

(f) concerns restitutionary obligations that, to a substantial extent, arose in British Columbia;

(g) concerns a tort committed in British Columbia; and

(h) concerns a business carried on in British Columbia.

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Place of trial: Vancouver, British Columbia

The address of the registry is:

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Date: JUL/11/2019

Signature of lawyer for the Plaintiffs

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ENDORSEMENT ON ORIGINATING PLEADING OR PETITION FOR SERVICE OUTSIDE OF BRITISH COLUMBIA

The Plaintiffs, Michael Tietz and Duane Loewen, claim the right to serve this pleading on the Defendants outside of British Columbia on the ground that there is a real and substantial connection between British Columbia and the facts alleged in this proceeding and the Plaintiffs and other Class members plead rely upon the *Court Jurisdiction and Proceedings Transfer Act*, RSBC 2003, c 28 ("*CJPTA*") in respect of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to sections 10(f) through 10(h) of the *CJPTA* because this proceeding:

(f) concerns restitutionary obligations that, to a substantial extent, arose in British Columbia;

(g) concerns a tort committed in British Columbia; and

(h) concerns a business carried on in British Columbia.

Rule 7-1 (1) of the Supreme Court Civil Rules states:

(1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,

(a) prepare a list of documents in Form 22 that lists

(i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and

(ii) all other documents to which the party intends to refer at trial, and

(b) serve the list on all parties of record.

Appendix

[*The following information is provided for data collection purposes only and is of no legal effect.*]

Part 1: CONCISE SUMMARY OF NATURE OF CLAIM:

This is a claim for damages for conspiracy, statutory damages for secondary market misrepresentation, and damages for fraudulent and negligent misrepresentation, concerning shares issued under private placements of certain defendants which were acquired through false pretence and deception.

Part 2: THIS CLAIM ARISES FROM THE FOLLOWING:

A personal injury arising out of:

[ ] a motor vehicle accident

[ ] medical malpractice

[ ] another cause

A dispute concerning:

[ ] contaminated sites

[ ] construction defects

[ ] real property (real estate)

[ ] personal property

[ ] the provision of goods or services or other general commercial matters

[x] investment losses

[ ] the lending of money

[ ] an employment relationship

[ ] a will or other issues concerning the probate of an estate

[ ] a matter not listed here

Part 3: THIS CLAIM INVOLVES:

[x] a class action

[ ] maritime law

[ ] aboriginal law

[ ] constitutional law

[ ] conflict of laws

[ ] none of the above

[ ] do not know

Part 4:

Class Proceedings Act, R.S.B.C. 1996, c. 50

Criminal Code, R.S.C. 1985, c-46

Securities Act, R.S.B.C. 1996, c. 48