ALBERTA SECURITIES COMMISSION

DECISION

Citation: Re Edwards, 2024 ABASC 9 **Date: 20240112**

Devon Christopher Edwards and KB Crypto Inc.

Panel:	Kari Horn Tom Cotter
Representation:	Justin Dunphy Sakeb Nazim for Commission Staff Devon Christopher Edwards for the Respondents
Hearing:	November 9, 2023
Decision:	January 12, 2024

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I. INTRODUCTION

[1] In a Notice of Hearing (the **NOH**) dated September 13, 2023, Staff (**Staff**) of the Alberta Securities Commission (the **ASC**) alleged that Devon Christopher Edwards (**Edwards**) and KB Crypto Inc. (**KB Crypto**, and together with Edwards, the **Respondents**) illegally distributed securities and acted as an unregistered dealer, contrary to ss. 110(1) and 75(1)(a) of the *Securities Act* (Alberta) (the **Act**). The NOH also alleged that Edwards authorized, permitted or acquiesced to KB Crypto's misconduct.

[2] The Respondents and Staff entered into a Statement of Admissions and Joint Submission on Sanction signed by the Respondents on September 12, 2023 and by Staff on September 13, 2023 (the **Statement**). In the Statement, the Respondents admitted certain facts in connection with the alleged capital-market misconduct, and that they breached ss. 110(1) and 75(1)(a) of the Act. The Statement also contained the joint submission of Staff and the Respondents on appropriate sanction and cost-recovery orders based on the outlined facts, the admissions, and the other circumstances set out in the Statement.

[3] A hearing was held on November 9, 2023 to assess whether the admissions in the Statement established that the Respondents breached Alberta securities laws as alleged in the NOH, and to consider whether the jointly proposed orders are reasonable and in the public interest. At the hearing, we received Staff's bill of costs detailing the investigative and hearing costs incurred (the **Bill of Costs**), and entered into evidence the Statement and a Financial Statement of Debtor (the **Financial Statement**) dated August 1, 2023 and signed by Edwards. After hearing oral submissions from Staff and from Edwards (on behalf of himself and KB Crypto), we reserved our decision.

[4] For the reasons set out below, we conclude that the Respondents contravened the Act, as admitted in the Statement, and that sanctions are warranted against Edwards and KB Crypto in the public interest. We are satisfied that the sanctions jointly proposed against the Respondents are appropriate, and we make the orders set out at the end of this decision. We also find the joint proposal that Edwards be ordered to pay $10,000 of the investigation and hearing costs reflected in the Bill of Costs to be appropriate.

II. FACTUAL BACKGROUND

[5] The Statement sets out the relevant facts underlying the Respondents' alleged breaches of Alberta securities laws. We accept these factual admissions as accurate and summarize them below.

A. The Respondents

[6] Edwards is an Alberta resident, and the sole director, shareholder and guiding mind of KB Crypto, a company he incorporated in the Bahamas on November 16, 2021. The Respondents were not registered in any capacity under Alberta securities laws or the securities laws of any other Canadian jurisdiction, and they had no regulatory disciplinary or sanctioning history with any Canadian securities regulatory authority.

[7] Edwards is impecunious – the Financial Statement indicated that he is unemployed and he has no income and limited assets. The Respondents represented that KB Crypto has no assets.

B. Trading Activities During the Relevant Period

[8] Between February 2021 and November 2022 (the **Relevant Period**), the Respondents solicited investors to enter into agreements (the **Agreements**) to invest capital into a pooled investment, in part by disseminating advertisements and promotional material that described their trading business. The Respondents offered investors a weekly return – a profit in the range of 5-15% – to be derived from Edwards' purported expertise in automated high frequency or arbitrage trading using investors' pooled funds. Investors were also offered a three-percent referral bonus for each person referred who invested with the Respondents.

[9] The Respondents directed interested investors to open accounts through KB Crypto's website and transfer Bitcoin directly to the Respondents. Edwards then converted the Bitcoin into US currency or certain stablecoins, which he then used to purchase and trade in various contracts for difference (**CFDs**) through online trading platforms in foreign jurisdictions. While Edwards was to conduct this activity through KB Crypto, he often received investors' funds and executed purchases and trades of securities or derivatives in his own name. According to the Statement, the CFD transactions enabled investors to participate in the price movements of foreign currency, cryptocurrencies, commodities and other assets without owning the underlying asset.

[10] For their services, the Respondents charged administrative fees and took a percentage of the gains from the investment portfolios before distributing profits (if any) to investors. The Respondents obtained all or virtually all of their respective incomes from their trading in CFDs.

[11] The Statement indicated that the Respondents failed to maintain proper records of their trading activities and payments, making it virtually impossible for them to explain, or for Staff to identify, the exact use and distribution of investors' funds (including the payment of any commissions to the Respondents). The Respondents raised approximately US$446,600 from 75 investors in the Relevant Period. At least four of those investors were Alberta residents at the time of their investments, while another two were Ontario residents and one was a British Columbia resident. Investors received returns on their investments of approximately US$183,713, and (according to the Respondents) were repaid approximately US$138,101 of their capital after the Respondents ceased operations. According to the Statement, investors lost approximately US$308,499 of their capital, which was attributed to the Respondents' unsuccessful trading.

C. Involvement of ASC

[12] In December 2021, Edwards contacted the ASC and disclosed his capital-market activities. He was informed that the prospectus and registration requirements potentially applied to the Respondents' business, and he was asked to provide a written description of the business activities along with an analysis explaining why registration was not required. The Respondents did not respond to this request.

[13] In August 2022, the Respondents were contacted by ASC personnel who warned them that they were conducting securities-related activities without being registered and raising capital without complying with the prospectus requirements. The Respondents were given a deadline of September 14, 2022 to submit an application for registration and instructed to cease operations until registered. The Respondents did neither.

[14] The Respondents received a summons from Staff dated October 26, 2022, after which they ceased their market activities in November 2022.

III. ALLEGATIONS AND ADMISSIONS OF MISCONDUCT

[15] In the NOH, Staff alleged that during the Relevant Period, Edwards solicited funds from investors for the purpose of purchasing and trading in securities or derivatives on their behalf, and that the Respondents began issuing securities by soliciting investors to enter into the Agreements to invest capital into a pooled investment. Staff alleged that the Respondents breached s. 110(1) of the Act by illegally distributing securities when they entered into the Agreements with investors, that they breached s. 75(1)(a) by engaging in unregistered dealing when they traded in CFDs on behalf of investors, and that Edwards authorized, permitted or acquiesced in KB Crypto's contraventions.

[16] The Respondents each admitted to breaching Alberta securities laws and acknowledged that they are both responsible for all of the misconduct because they each engaged in the underlying activities without distinguishing their respective roles. The Respondents specifically admitted in the Statement that:

- they breached s. 110(1) of the Act by distributing securities without having filed and received a receipt for a preliminary prospectus or a prospectus and without an exemption from that requirement for some or all of the relevant distributions of the securities;

- they breached s. 75(1)(a) of the Act by acting as a dealer without being registered in accordance with Alberta securities laws; and

- Edwards authorized, permitted or acquiesced in KB Crypto's breaches of ss. 110(1) and 75(1)(a) of the Act, such that he also breached those provisions by operation of s. 198(1.2) of the Act.

[17] Based on the facts, the admissions, and the other circumstances set out in the Statement, the parties jointly proposed the following sanction and cost-recovery orders: against Edwards, an administrative penalty of $40,000, certain market-access restrictions for the later of five years or until the administrative penalty is paid in full, and costs of $10,000; and permanent market-access restrictions against KB Crypto.

IV. ANALYSIS

A. Illegal Distributions

[18] Section 110(1) of the Act prohibits a person or company from distributing a security unless a preliminary prospectus and a prospectus has been filed with the ASC and corresponding receipts have been issued by the ASC's Executive Director. In certain circumstances, exemptions from the prospectus requirement are available under National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**), although reliance on any of the exemptions requires strict compliance with the provisions in NI 45-106 (*Re Cloutier*, 2014 ABASC 2 at paras. 308-09).

[19] The requisite elements of an illegal distribution were summarized by an ASC panel in *Re Aitkens*, 2018 ABASC 27 at para. 148 as follows:

> To find that s. 110 of the Act was breached, we must conclude that: (i) the conduct involved a "security", a "trade" and a "distribution" (all as defined in the Act); (ii) prospectuses for the distribution were not filed with or receipted by the ASC; and (iii) no exemptions from the [s. 110 prospectus requirement] were available.

1. "Security" – the Agreements

[20] Section 1(ggg) of the Act broadly defines a "security" to include an investment contract. While the term "investment contract" is not defined in the Act, its meaning has been well-established in ASC decisions as the investment of money into a common enterprise with an expectation of profit to be derived significantly from the efforts of others (*Re Magee*, 2015 ABASC 846 at paras. 92-93, citing *Re Mandyland Inc.*, 2012 ABASC 436 at para. 167).

[21] It is self-evident that those who invested in the Agreements did so with an expectation of profit – an expectation created by the Respondents' dissemination of marketing material that assured returns of 5-15%. Through accounts opened with KB Crypto, the investors provided funds in the form of Bitcoin directly to the Respondents. Those funds were then pooled and profits – from which investors would receive weekly returns – depended entirely on the Respondents' ability to successfully trade in CFDs.

[22] Investors' involvement in the enterprise was limited to providing the Respondents with their capital. They relied on the Respondents to make all of the CFD trading decisions.

[23] In *Pacific Coast Coin Exchange v. Ontario (Securities Commission)*, [1978] 2 SCR 112, the majority of the Supreme Court stated (at p. 129) that the phrase "common enterprise" has been defined to mean "one in which the fortunes of the investor are interwoven with and dependent upon the efforts and success of those seeking the investment . . .". In this case, the undertaking was clearly a common enterprise – the fortunes of the investors were interwoven with and dependent on the efforts of those seeking the investment – the Respondents. That the Respondents obtained a share from any gains before distributing profits back to investors further confirms that the undertaking was a common enterprise.

[24] Consequently, we find the Agreements were investment contracts and therefore securities within the meaning in the Act, consistent with the Respondents' admission in the Statement.

2. "Trade" and "Distribution"

[25] Section 1(p)(i) of the Act defines a "distribution" to mean a "trade" in securities that have not been previously issued. A "trade" is defined in s. 1(jjj) to include any sale or disposition of a security for valuable consideration, as well as "any act, advertisement, solicitation, conduct or negotiation made directly or indirectly in furtherance" of a trade.

[26] We are satisfied that by entering into the Agreements with investors, the Respondents engaged in trades within the meaning of the Act. It is also clear that certain of the Respondents' activities – particularly the promotion of the Agreements and the solicitation of funds from prospective investors – were acts in furtherance of a trade and thus also trades.

[27] Because the Agreements had not previously been issued, the Respondents' trades were distributions within the meaning of s. 1(p)(i) of the Act.

3. No Prospectus or Exemption

[28] The Respondents admitted in the Statement, and there was no question that no preliminary prospectus and no final prospectus was ever filed with or receipted by the Executive Director of the ASC. Accordingly, the Respondents did not comply with the prospectus requirement in their distribution of the Agreements.

[29] The Respondents did not seek to rely on any potential exemption from the prospectus requirement for their distributions. The Respondents admitted in the Statement that they made no attempt to qualify investors for any of the prospectus exemptions listed in NI 45-106, and at least 10 of the 12 investors contacted by Staff did not qualify under any applicable prospectus exemption.

4. Conclusion on Section 110

[30] For these reasons, we find that the Respondents breached s. 110(1) by distributing securities without a receipted prospectus or an available prospectus exemption.

B. Illegal Dealing

[31] Section 75(1)(a) of the Act prohibits any person or company from acting as a dealer unless registered in accordance with Alberta securities laws. National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) outlines the requirements for registration, and provides certain exemptions from the registration requirement.

[32] Section 1(m) of the Act defines "dealer" to mean "a person or company engaging in or holding itself out as engaging in the business of . . . trading in securities or derivatives as principal or agent".

[33] Accordingly, a breach of section 75(1)(a) occurs when a person or company: (i) traded in securities or derivatives; (ii) engaged in or held itself out as engaging in the business of trading

in securities or derivatives; (iii) was not registered; and (v) did not qualify for and strictly comply with the conditions of an available exemption from the registration requirement.

1. "Securities" or "Derivatives" – CFDs

[34] Staff's position was that the CFDs traded by the Respondents were either a security or a derivative (or both), within the meaning of the Act. As mentioned, the definition of "security" includes an investment contract, whereas a "derivative" is defined in s. 1(n.01) to mean:

> an option, swap, futures contract, forward contract or other financial or commodity contract or instrument, whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest, including a price, rate, index, value, variable, event, probability or thing . . .

[35] According to the Statement, the CFD transactions enabled investors to:

> . . . participate in the price movements of foreign currency, cryptocurrencies, commodities and other assets without owning the underlying asset. For example, an investor could purchase a position in a CFD that tracks the price of a currency, publicly-traded stock or cryptocurrency. Then, depending on whether the price of the underlying asset went up or down, the value of the CFD would correspondingly go up or down.

[36] Staff submitted that securities laws generally consider CFDs to be a security or a derivative, and cited a recent Ontario Securities Commission decision that determined that the CFDs in that matter were investment contracts and therefore fell within the meaning of a "security" (*Re VRK Forex & Investments Inc.*, 2022 ONSEC 1).

[37] Because the value of the CFDs traded by the Respondents was determined from the price of the underlying asset, we find that the CFDs here are more properly characterized as derivatives. In light of this finding, we need not assess whether the CFDs are also investment contracts and therefore securities under the Act.

2. Engaged in the Business of Trading

[38] The registration requirement in s. 75(1)(a) of the Act is triggered if a person or company engages in trading in securities or derivatives for a business purpose. A non-exhaustive list of factors considered relevant in making that determination is found in the Companion Policy to NI 31-103. These factors include: engaging in activities similar to that of a registrant; directly or indirectly carrying on the activity with repetition, regularity or continuity; receiving, or expecting to receive, remuneration or compensation for the activity; and directly or indirectly soliciting transactions.

[39] The Respondents admitted in the Statement that they engaged in, or held themselves out as engaging in, the business of dealing by:

- soliciting funds from the public to trade online by preparing and disseminating advertisements and promotional material about their trading business;

- disseminating news releases that assured payment of a weekly return, in the range of 5-15%;

- offering a referral bonus for each person referred who invested with the Respondents;

- accepting investment capital from investors and using it to trade CFDs "repeatedly and frequently" during the Relevant Period;

- charging administrative fees and taking a percentage of the gains on the portfolios before distributing profits to investors; and

- obtaining all or virtually all of their respective incomes from the business of trading.

[40] We are satisfied, and therefore find, that the Respondents engaged in the business of trading and were required to be registered to do so, unless they qualified for an exemption under NI 31-103.

3. Registration or Exemption

[41] In light of the Respondents' admissions in the Statement that they were not registered in accordance with Alberta securities laws and that none of the exemptions in NI 31-103 applied to them or their trading activities, and the fact that no exemptions were evident, we accept that the Respondents were not registered to act as a dealer and that they did not qualify for an exemption from the registration requirement.

4. Conclusion on Section 75

[42] For these reasons, we find that the Respondents breached s. 75(1)(a) by acting as a dealer without being registered and without an available registration exemption.

C. Authorized, Permitted or Acquiesced

[43] Staff alleged in the NOH, and Edwards admitted in the Statement, that he authorized, permitted or acquiesced in KB Crypto's contraventions of ss. 110(1) and 75(1)(a) of the Act.

[44] Because we determined that Edwards directly breached ss. 110(1) and 75(1)(a), we need not consider whether he also indirectly breached these provisions by authorizing, permitting or acquiescing to KB Crypto's breaches.

D. Sanction and Cost-Recovery Orders

[45] Having found that the Respondents breached ss. 110(1) and 75(1)(a) of the Act by illegally distributing securities to investors and acting as unregistered dealers, we now consider potential sanction and cost-recovery orders under ss. 198, 199 and 202.

1. General Sanctioning and Cost-Recovery Principles

[46] The authority to issue sanction orders under ss. 198 and 199 of the Act must be exercised in the public interest with a view to protecting investors and fostering a fair and efficient capital market. Such orders are meant to be protective and preventative in nature, rather than punitive or remedial (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37 at paras. 41-43, and 45). While both specific and general deterrence are relevant considerations and seek to discourage future misconduct by respondents and by others who might engage in similar misconduct, any sanction order must be proportionate and reasonable in all the circumstances (*Re Cartaway Resources Corp.*, 2004 SCC 26 at paras. 52-53, 55-56, and 60-61; *Re Homerun International Inc.*, 2016 ABASC 95 at paras. 13-16; *Walton v. Alberta (Securities Commission)*, 2014 ABCA 273 at para. 154).

[47] Prior ASC decisions – notably *Homerun* (at para. 20) – have identified the following factors to assist in assessing the appropriate sanction order for a given set of circumstances:

- the seriousness of the respondent's misconduct, including the nature of the misconduct, the respondent's level of intent in relation to their misconduct, and the extent to which the misconduct exposed investors or the capital market to potential harm;

- the respondent's pertinent characteristics and history, such as their education and work experience, history of prior registration or capital-market participation, past disciplinary actions, as well as any evidence demonstrating the respondent's impecuniosity;

- any benefits sought or obtained by the respondent in conjunction with their misconduct; and

- any other mitigating or aggravating considerations.

[48] The scope and application of these factors were discussed at length in *Homerun* (at paras. 22-46), and we adopt the panel's reasoning therein.

[49] Somewhat different considerations guide our assessment of cost-recovery orders issued pursuant to s. 202(1) of the Act. Such orders are not considered to be a sanction but a means of recovering certain investigation and hearing costs from a respondent found to have engaged in capital-market misconduct. A determination of the appropriate amount of costs takes into account the parties' contributions to the efficient conduct and resolution of the proceeding.

2. Discussion of Sanctioning Factors

(a) Seriousness of the Misconduct

[50] The Respondents' misconduct contravened important securities law provisions designed to protect investors and maintain the integrity of the capital market. The prospectus requirement ensures that investors have access to full, true and plain disclosure of material information to

make informed investment decisions, including the assessment of risks associated with an investment (*Re Cerato*, 2022 ABASC 121 at para. 21). The registration requirement also contributes to the fairness, efficiency and confidence of the capital market by ensuring that those who engage in the business of trading are proficient, solvent, and act with integrity (*Re VRK Forex & Investments Inc*, 2022 ONCMT 28 at para. 20).

[51] We had no direct evidence about the Respondents' intention in connection with their misconduct, although we inferred a degree of recklessness on their part based on their continued securities-related activities despite being warned of the potential application of the prospectus and registration requirements. This elevated our assessment of the seriousness of the Respondents' misconduct, as did the admission that investors lost a significant portion of their principal investment due to the Respondents' unsuccessful trading business.

(b) The Respondents' Background and Characteristics

[52] According to the Statement, the Respondents have no history of prior misconduct or of any previous disciplinary action in the securities regulatory context. Staff acknowledged the evidence that Edwards was impecunious, and submitted that this was factored into the joint proposal on sanctions included in the Statement.

(c) Any Benefit to the Respondents

[53] The Respondents clearly obtained a financial benefit from their misconduct – they admitted in the Statement that all or virtually all of their income derived from the business of trading – including administration fees charged and the Respondents' share in any gains from the investment portfolios. While the Respondents' failure to maintain proper records resulted in the amount of the financial benefit being undetermined, that lack of clarity does not alleviate the need for both specific and general deterrence.

(d) Other Mitigating or Aggravating Factors

[54] The Statement indicated that the Respondents provided "prompt, fulsome and helpful cooperation" with Staff's investigation and entered into the Statement prior to the issuance of the NOH, which saved the time and expense of a contested enforcement hearing. Staff acknowledged this cooperation as mitigating and submitted it was demonstrative of Edwards taking responsibility for his actions. We accept this as a mitigating factor.

[55] Staff also submitted that there were two aggravating factors, namely that investors experienced significant losses – estimated at more than US$300,000 – and that the Respondents delayed ceasing their activities after being told of the need to register before engaging in the business of dealing. We considered these facts as part of our earlier analysis, and therefore do not consider them to be additional aggravating factors.

(e) Conclusion on Sanctioning Factors

[56] We conclude that the Respondents engaged in serious misconduct that resulted in considerable financial losses for investors. These actions reflected a clear need for both general

and specific deterrence, although that need is moderated somewhat by Edwards' limited financial means and his acceptance of responsibility for the misconduct.

3. Joint Submission on Sanction

[57] As mentioned, the parties jointly recommended that the ASC issue certain sanction and cost-recovery orders against the Respondents. Joint proposals from parties to an enforcement proceeding are not binding on a panel but they nevertheless "generally carry considerable weight" (*Re Bradbury*, 2016 ABASC 272 at para. 58), such that they will typically be accepted if they fall within a range of reasonableness and are consistent with the ASC's public interest mandate (see also *Re Allan*, 2015 ABASC 919 at para. 21).

[58] Staff submitted that the joint proposal was reasonable, based on an established range from similar decisions and settlements involving breaches of ss. 110 and 75 of the Act. While acknowledging that "no two cases are identical", Staff provided several cases involving similar breaches of the Act that gave rise to a wide range of outcomes depending on the particular circumstances. Staff focussed on two cases – *Re Broers*, 2009 ABASC 25 and *Re Bartel*, 2008 ABASC 398 – which they considered to be relatively similar to the Respondents' circumstances based on the nature and length of the misconduct, the capital amounts raised, and the number of investors involved.

[59] In *Broers*, the respondent received ten-year market-access bans and was ordered to pay an administrative penalty of $40,000 and costs of $10,000, after an ASC panel determined (based in part on admissions) that the respondent breached ss. 75(1)(a) and 110 of the Act and acted contrary to the public interest. Similarly, an ASC panel in *Bartel* ordered seven-year market-access bans, along with payment of a $40,000 administrative penalty and $30,000 in costs, after finding that the respondent breached ss. 75(1)(a) and 110. Staff submitted that the joint proposal fell within the range of these decisions, albeit somewhat lighter in terms of the length of the market bans to account for the Respondents' mitigating factors. Staff also argued that the proposed administrative penalty was effectively lower than in *Broers* and *Bartel* based on the "inflationary aspect" of those cases having been decided in 2009 and 2008, respectively.

[60] Edwards, on behalf of both Respondents, agreed with Staff's submissions and did not offer any other concerns or considerations.

[61] Based on the joint proposal and the submissions of the parties, we are satisfied that the proposed sanctions are within a range of reasonableness and that they are in the public interest, and will provide the necessary degree of specific and general deterrence.

4. Discussion on Costs

[62] We also agree with the joint proposal that Edwards should pay $10,000 towards the costs of the investigation and hearing in this matter.

[63] The Respondents provided "prompt, fulsome and helpful cooperation" with Staff's investigation, and they entered into the Statement prior to the issuance of the NOH, which saved

the time and expense associated with a contested hearing. According to the Statement, these factors were reflected in the joint recommendation that Edwards should be ordered to pay costs in the amount of $10,000 toward the investigation and hearing of this matter. The joint submission did not recommend the issuance of a cost-recovery order against KB Crypto and we are satisfied that where "a single individual was guiding the corporate Respondent, it is not unreasonable to ascribe full responsibility for any ordered costs to that individual" (*Re Stewart*, 2019 ABASC 47 at para. 74).

[64] The Bill of Costs indicated that costs of approximately $35,000 were incurred leading up to the hearing, including the costs of investigating the Respondents' misconduct. We earlier determined that the allegations were supported by the admitted facts in the Statement.

[65] Taking into account the principles relating to cost-recovery orders, the Statement, and the Bill of Costs, we are satisfied that the proposed cost-recovery order is within the range of reasonableness and in the public interest.

V. ORDERS

[66] We therefore make the orders set out below.

[67] Against Edwards, we order that:

- under s. 198(1)(d) of the Act, he must immediately resign from any position he may hold as a director or officer (or both) of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization or designated benchmark administrator;

- for a period of five years from the date of this decision or until the administrative penalty set out below is paid in full, whichever is the later,

    - under s. 198(1)(b), he must cease trading in or purchasing any security or derivative, except that this order does not preclude Edwards from trading in or purchasing securities or derivatives through a registrant (who has first been given a copy of this decision and the Statement) in registered retirement savings plans, registered retirement income funds, registered education savings plans and tax-free savings accounts (each as defined in the *Income Tax Act* (Canada)) and locked-in retirement accounts, each for the benefit of one or more of Edwards, his spouse and his dependent children;

    - under s. 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to him;

- under s. 198(1)(e), he is prohibited from becoming or acting as a director or officer (or both) of any issuer (or other person or company that is authorized to issue securities), registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization or designated benchmark administrator;

- under s. 198(1)(e.1), he is prohibited from advising in securities or derivatives; and

- under s. 198(1)(e.3), he is prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

- under s. 199, he must pay to the ASC an administrative penalty of $40,000; and

- under s. 202, he must pay to the ASC costs in the amount of $10,000.

[68] Against KB Crypto, we order with permanent effect, that:

- under s. 198(1)(a) of the Act, all trading in or purchasing of securities or derivatives of KB Crypto must cease;

- under s. 198(1)(b), KB Crypto must cease trading in or purchasing any securities or derivatives;

- under s. 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to KB Crypto; and

- under s. 198(1)(e.1), KB Crypto is prohibited from advising in securities or derivatives.

[69] This matter is now concluded.

January 12, 2024

For the Commission:

"original signed by"
Kari Horn

"original signed by"
Tom Cotter