

# ALBERTA SECURITIES COMMISSION

**Citation: Re Mohamed, 2024 ABASC 57**

**File No.: ENF-012393**

**Date: 20240402**

## NOTICE OF HEARING

- To:** Rahim Shiraz A-K Mohamed (also known as Rahim Shiraz Ali Abdul Karim Karmali Mohamed), Alnoor Fatehali Nathoo, Marc Evan Levy and Michael Baron (**Respondents**).
- Notice:** The Alberta Securities Commission (the **Commission**) will convene at 10:00 a.m. on Tuesday, May 21, 2024, or as otherwise directed (the **Set Date Hearing**), at Calgary, Alberta, to set a date or dates for the conduct of a hearing regarding the allegations in this Notice (the **Merits Hearing**). At the Merits Hearing, the Commission will consider whether the allegations have been proven. If so, the Commission will subsequently consider whether it is in the public interest to make orders against you under sections 198, 199, and 202 of the *Securities Act*, RSA 2000, c. S-4, as amended (the *Act*).
- Location:** Alberta Securities Commission, 5<sup>th</sup> Floor, 250 – 5 Street S.W., Calgary, Alberta.
- Procedure:**
1. You may obtain disclosure and further information about particulars of the allegations in this Notice from Justin Dunphy, c/o Alberta Securities Commission, 600, 250 - 5 Street S.W., Calgary, Alberta, T2P 0R4, telephone: 403.355.1507, email: justin.dunphy@asc.ca.
  2. You may be represented by legal counsel or represent yourself. You or your legal counsel may make representations at the Set Date Hearing as part of the process for scheduling the Merits Hearing and the hearing management sessions that will take place between the Set Date Hearing and the Merits Hearing. At the Merits Hearing, you or your legal counsel may make representations and introduce relevant evidence regarding the allegations in this Notice.
  3. If you or your legal counsel fail to attend the Set Date Hearing, the scheduling of the Merits Hearing and the hearing management sessions may proceed in your absence without further notice, and the Merits Hearing itself may proceed in your absence without further notice, following which orders may be made against you.

*See attached sections 29, 93(1)(a), 182, 182.1, 198, 199 and 202 of the Act, and Commission Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.*

**Reciprocation:** Take notice that orders or settlements made by the Commission may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to you. If an order is made or a settlement agreement is reached in relation to this Notice, you should contact the securities regulator of any other jurisdiction in which you may intend to engage in any securities related activities.

## **Allegations**

### *Circumstances*

1. The Respondents knowingly engaged in conduct that may have resulted in or contributed to an artificial price of, or caused a false and misleading appearance of trading activity in, shares of a corporation referred to in this Notice of Hearing as **Softlab**.
2. As of the date of this Notice of Hearing, Softlab is named CleanGo Innovations Inc., a British Columbia company with a registered office in Vancouver, British Columbia. Softlab has undergone a series of name changes and changes in business purpose since the time of its incorporation.
3. During the period between March 2019 and November 2020 (the **Relevant Period**):
  - 3.1 Softlab's name was Softlab9 Software Solutions Inc. and subsequently Softlab9 Technologies Inc.;<sup>[1]</sup>
  - 3.2 Softlab shares were traded on the Canadian Securities Exchange;
  - 3.3 Softlab was a reporting issuer, as defined in the *Act*, in Alberta; and
  - 3.4 the Respondents traded in or controlled or directed trades in shares of Softlab through multiple brokerage accounts.
4. Softlab's shares are securities within the meaning of section 1(ggg) of the *Act*.

### *Respondents*

5. Rahim Shiraz A-K Mohamed, also known as Rahim Shiraz Ali Abdul Karim Karmali Mohamed (**Mohamed**) is an individual who resided in Calgary and was a director and Chief Executive Officer of Softlab during the Relevant Period.

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

6. Alnoor Fatehali Nathoo (**Nathoo**) is an individual who resided in Calgary and, commencing in October 2019, was a director of Softlab.
7. Marc Evan Levy (**Levy**) is an individual who resided in Vancouver, British Columbia during the Relevant Period.
8. Michael Baron (**Baron**) is an individual who resided in Abbotsford, British Columbia during the Relevant Period.

*Trading Authority and Control*

9. Nathoo, Levy and Baron, respectively, exercised control over brokerage accounts in their own names that traded in Softlab shares during the Relevant Period.
10. Mohamed exercised control over a brokerage account through White Sands Securities Sezc (**White Sands**), a Cayman Islands-based company whose sole officer, director and beneficial owner is Mohamed. White Sands traded in Softlab shares during the Relevant Period.
11. Levy exercised control over brokerage accounts in the names of entities controlled by him that traded in Softlab shares during the Relevant Period, including:
  - 11.1 a brokerage account through Mosam Ventures Inc., a British Columbia company whose sole officer and director is Levy; and
  - 11.2 a brokerage account held in trust for Levy's son, Samson Levy.
12. As set out in paragraphs 13 to 15 below, Mohamed, Nathoo and Levy, respectively, had beneficial ownership of, or exercised direct or indirect control or direction over multiple brokerage accounts belonging to different individuals or entities that traded in Softlab shares during the Relevant Period (the **Controlled Accounts**).
13. Mohamed had beneficial ownership of, or exercised direct or indirect control or direction over brokerage accounts that traded in Softlab shares during the Relevant Period (the **Mohamed Controlled Accounts**), including:
  - 13.1 one account belonging to Craigstone Ltd. (**Craigstone**), an Alberta company whose sole shareholder and director during the Relevant Period was Mohamed's adult interdependent partner, Ann Hodgson;
  - 13.2 one account belonging to Nexium Financial Inc. (**Nexium**), an Alberta company whose sole shareholder and director, commencing in May 2019, was Mohamed's mother, Shaida Karmali; and
  - 13.3 three accounts belonging to Ryan Simmonds, who was provided the sum of \$100,000 by Softlab and/or Mohamed to purchase Softlab shares during the Relevant Period.

14. Nathoo had beneficial ownership of, or exercised direct or indirect control or direction over, one brokerage account belonging to his spouse, Shahnaz Khoja, that traded in Softlab shares during the Relevant Period (the **Nathoo Controlled Account**).
15. Levy had beneficial ownership of, or exercised direct or indirect control or direction over, brokerage accounts that traded in Softlab shares during the Relevant Period (the **Levy Controlled Accounts**), including:
  - 15.1 two accounts belonging to Levy's mother, Riva Dubrofsky (**Dubrofsky**);
  - 15.2 one account belonging to Levy's spouse, Kristina Loganchuk (**Loganchuk**);
  - 15.3 two accounts belonging to Altari Capital Corp., a British Columbia company whose sole shareholder, director, and officer was Dubrofsky;
  - 15.4 one account belonging to Levy's sister, Tamara Levy (**T. Levy**);
  - 15.5 one account belonging to ID Capital Corp. (**ID Capital**), a British Columbia company whose sole shareholder and president was T. Levy and whose corporate secretary was Loganchuk; and
  - 15.6 one account belonging to Levy's sister, Alissa Levy.

*Softlab Share Consolidations and Clean Go Green Go Inc. Acquisition*

16. Softlab conducted share consolidations in March and August 2019, which reduced Softlab's outstanding shares from over 53 million to less than 5 million.
17. In or around May 21, 2020, Softlab announced that it entered into a Letter of Intent to acquire Clean Go Green Go Inc. (**CGGG**), a company that sold disinfectant products.
18. Between May 2020 and November, Softlab issued multiple news releases relating to the business activities of CGGG, notwithstanding that Softlab had not yet acquired CGGG. Softlab also issued news releases regarding other topics relating to COVID-19 and medical products, including COVID-19 testing kits, and personal protective equipment.
19. In or around November 20, 2020, Softlab's shares were halted by the Canadian Securities Exchange after it announced that it signed a definitive agreement with CGGG to acquire its shares. Softlab shares resumed trading on September 8, 2021, after Softlab completed its acquisition of CGGG.

*Market Manipulation*

20. During the Relevant Period, the Respondents, acting individually or in concert, engaged in conduct that may have resulted in or contributed to an artificial price of, or caused a false

and misleading appearance of trading activity in Softlab. This conduct includes, but is not limited to:

- 20.1 uptick and downtick trading;
- 20.2 bid support;
- 20.3 high closing;
- 20.4 wash trading; and
- 20.5 such other conduct as the evidence may establish at the Merits Hearing.

*Uptick and Downtick Trading*

- 21. During the Relevant Period, each of the Respondents, either directly or through the use of the Controlled Accounts, executed trades of Softlab shares intended to impact the share price by:
  - 21.1 acquiring Softlab shares directly, and through the use of the Controlled Accounts;
  - 21.2 coordinating their trading activity on individual trading days and placing bids for the purpose of moving the share price of Softlab up or down, as necessary; and
  - 21.3 timing their trading activity to coincide with news releases issued between May and November 2020, which purported to justify the increase in the share price of Softlab.
- 22. The Respondents knew, or ought to have known, that the trading activity described in paragraph 21 above, would result in or contribute to a false or misleading appearance of trading activity in Softlab shares, or an artificial price for Softlab shares.

*Bid Support*

- 23. During the Relevant Period, each of the Respondents, either directly or through the use of the Controlled Accounts, made multiple, coordinated bids for Softlab shares at staggered prices at or below the prevailing bid price in the market.
- 24. The Respondents intentionally placed bids for Softlab shares that were priced at, or below the prevailing bid price, to:
  - 24.1 give the artificial appearance of a high level of market activity and greater demand for Softlab shares; and
  - 24.2 create an artificial floor price for Softlab shares when there was increased selling in the market in the event that the Respondents' bids were accepted by sellers.
- 25. The Respondents knew, or ought to have known, that making multiple, coordinated bids as described in paragraphs 23 and 24, above, would result in or contribute to a false or

misleading appearance of trading activity in Softlab shares, or an artificial price for Softlab shares.

#### *High Closing*

26. During the Relevant Period, Levy, either directly or through the use of the Levy Controlled Accounts, made bids for Softlab shares that would match an offer price higher than the last trade that occurred that day, resulting in at least 16 high closes.
27. Levy knew, or ought to have known, that his trading activity would result in or contribute to a false or misleading appearance of trading activity in Softlab shares, or an artificial price for Softlab shares.

#### *Wash Trading*

28. During the Relevant Period, Levy, through his own brokerage accounts and through the use of the Levy Controlled Accounts, engaged in at least nine instances of trading that resulted in no change in beneficial owner or that were for the benefit of accounts that were under the direction or control of the same person.
29. Levy knew, or ought to have known, that his trading activity would result in or contribute to a false or misleading appearance of trading activity in Softlab shares, or an artificial price for Softlab shares.

#### *Failure to Comply with Insider Disclosure and Early Warning Requirements*

##### Mohamed

30. During the Relevant Period, Mohamed was a director and officer of Softlab, and was therefore an insider as defined in section 1(aa)(i) of the *Act*.
31. Throughout the Relevant Period, Mohamed failed to file reports and make disclosure as an insider, either on a timely basis or at all, in respect of his acquiring or disposing of Softlab shares through White Sands, as required by National Instrument 55-104 *Insider Reporting Requirements and Exemptions (NI 55-104)*.
32. Between September and November 2019, Softlab issued shares and options to multiple parties in payment of purported debts owed to Softlab, including:
  - 32.1 1,441,300 shares to Nexium; and
  - 32.2 566,666 shares to Craigstone.
33. Throughout the Relevant Period, despite having beneficial ownership, or direction or control over the Mohamed Controlled Accounts, including those belonging to Nexium and Craigstone, Mohamed failed to file reports and make disclosure as an insider in respect of these accounts and all Softlab trades acquired or disposed of, as required by NI 55-104.

Nathoo

34. During the Relevant Period, Nathoo was a director of Softlab, and was therefore an insider as defined in section 1(aa)(i) of the *Act*.
35. Between November 2, 2019 and November 9, 2019, Nathoo purchased 657,307 shares of Softlab from another director, for which he failed to file reports and make disclosure as an insider, as required by NI 55-104.
36. Throughout the Relevant Period, despite having beneficial ownership, or direction or control over, the Nathoo Controlled Account, Nathoo failed to file reports and make disclosure as an insider in respect of these accounts and all Softlab trades acquired or disposed of, as required by NI 55-104.

Levy

37. Between September and November 2019, Softlab issued shares and options to multiple parties in payment of purported debts owed to Softlab, including:
  - 37.1 483,333 shares to 1183700 B.C. Ltd. (**118**), a British Columbia company whose sole director, officer and shareholder was Loganchuk; and
  - 37.2 525,000 shares to ID Capital.
38. Levy had beneficial ownership, or direction or control over 118 and ID Capital. Levy therefore acquired a total of 12.6 per cent of the 8,011,565 issued and outstanding shares of Softlab as of October 22, 2019, and was an insider as defined in section 1(aa)(iii) of the *Act*.
39. Levy failed to file reports and make disclosure as an insider in respect of his own accounts or the Levy Controlled Accounts during the Relevant Period, as required by NI 55-104.
40. Despite acquiring direct or indirect ownership, direction or control over greater than 10 per cent of the issued and outstanding common shares of Softlab as of October 22, 2019, at no time did Levy, or any person on Levy's behalf, issue and file a news release or file a report as required by the early warning regulations in National Instrument 62-104 *Take-Over Bids and Issuer Bids* (**NI 62-104**).

*Breaches of Alberta Securities Laws*

41. As a result of the above, Staff allege that:
  - 41.1 the Respondents breached section 93(1)(a) of the *Act* by directly or indirectly engaging or participating, or attempting to engage or participate, in an act, practice or course of conduct related to a security that they knew or reasonably ought to have known may result in or contribute to:
    - 41.1.1 a false or misleading appearance of trading activity in a security, or

41.1.2 an artificial price for a security;

41.2 Mohamed, Nathoo and Levy breached section 182 of the *Act* by failing to make disclosure and file reports as insiders of Softlab in accordance with insider reporting requirements in part 3 of NI 55-104; and

41.3 Levy breached section 182.1 of the *Act* by failing to make and file early warning disclosure in accordance with early warning requirements in Part 5 of NI 62-104.

Calgary, Alberta, 2nd April, 2024.

) ALBERTA SECURITIES COMMISSION

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) “Original signed by”

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Samir Sabharwal

) Executive Director