

**BRITISH COLUMBIA SECURITIES COMMISSION**  
Section 171 of the *Securities Act*, RSBC 1996, c. 418

Citation: Re Flexfi Inc., 2018 BCSECCOM 359

Date: 20181109

**Flexfi Inc. (formerly known as CC Cornerstone Credit Ltd.)  
and Afshin Ardalan**

<b>Panel</b>	Nigel P. Cave	Vice Chair
	Audrey T. Ho	Commissioner
	Gordon Holloway	Commissioner

**Hearing date**                      October 30, 2018

**Submissions  
Completed**                      October 30, 2018

**Decision date**                      November 9, 2018

**Appearing**

Derek Chapman                      For the Executive Director

Robert Cooper                      For Flexfi Inc. and Afshin Ardalan

**Decision**

**Background**

- [1] On May 24, 2018, the Panel issued its decision on liability and sanction against Afshin Ardalan and Flexfi Inc. (2018 BCSECCOM 166) (the Decision). The panel accepted the Applicants' admission of liability and made sanction orders pursuant to sections 161 and 162 of the *Securities Act*, RSBC 1996, c. 418.
- [2] At paragraph 97 of the Decision the panel made orders, among other things:
- a. requiring Afshin Ardalan to resign any position he holds as a director or officer of an issuer or registrant, and preventing him from becoming or acting as a director or officer of any issuer or registrant for a period of four years, except for Flexfi;
  - b. prohibiting Ardalan and Flexfi for a period of four years from
    - i. trading in or purchasing any securities or exchange contracts for his own account through a registered dealer,
    - ii. relying on any exemptions set out in the Act, the regulations or a decision,
    - iii. becoming or acting as a registrant or promoter,

- iv. acting in a management or consultative capacity in connection with activities in the securities market, and
- v. engaging in investor relations activities (collectively, the Orders).

[3] The panel provided the following exceptions to the prohibitions in the Orders at paragraph 98 of the Decision:

- a. each may engage in conduct necessary to find financing for Flexfi's business, including advertisement, solicitation, negotiation or other investor relations activities, except that if either Ardalan or Flexfi identify a prospective means of financing Flexfi's business, they must apply for an appropriate variation order from this Commission before distributing securities of Flexfi; and
- b. each may engage in conduct including advertisement, solicitation, negotiation or other investor relations activities, in order to find financing to enable a new corporate entity (New Entity) to purchase the assets of Flexfi, except that if either Ardalan or Flexfi identify a prospective means of financing the purchase through the New Entity, they must apply for an appropriate variation order from this Commission before distributing securities of Flexfi or the New Entity.

[4] On September 13, 2018, Flexfi and Ardalan applied, under section 171 of the *Act*, for a variation of the Orders so that Ardalan could pursue a transaction that would involve incorporating a new entity, to be called Finjoy Inc., to issue securities for the purpose of raising funds to purchase Flexfi's assets, which funds will be used in part to repay Flexfi's outstanding loans. Flexfi and Ardalan seek a variation of the Orders to permit Ardalan, through Finjoy, to:

- a. act as a director and chief executive officer of Finjoy, and therefore to act in a management or consultative capacity in connection with activities in the securities market;
- b. pursue a proposed offering of securities of Finjoy, which if the minimum aggregate amount is raised will be used in part to purchase the assets of Flexfi and repay existing Flexfi investors;
- c. rely on the offering memorandum prospectus exemption in connection with the proposed offering; and
- d. engage in investor relations activities in connection with the proposed offering, including the distribution of securities of Finjoy.

[5] On October 30, 2018, the Applicants and the executive director provided written and oral submissions.

- [6] After considering the submissions of the parties, on October 30, 2018, the panel advised that it was prepared to grant a variation order, but could not make the order the Applicants sought because it did not contain all of the representations the Applicants had made in their submissions.
- [7] The panel asked the parties to propose a revised form of order, which they did. The panel has generally accepted the form of order the parties proposed, with some modifications.

**Order**

- [8] Considering that to do so would not be prejudicial to the public interest, the Commission grants the application and varies the Orders against Ardalan as follows:
- a) Ardalan is permitted, through a new entity intended to be called Finjoy, to
    - i) act as a director and chief executive officer of Finjoy, and in connection with those positions, to act in a management or consultative capacity in connection with activities in the securities market,
    - ii) pursue a proposed offering of securities of Finjoy (the Offering), including trading in or purchasing securities of Finjoy, which if the minimum aggregate amount is raised will be used in part to purchase the assets of Flexfi and repay existing Flexfi investors,
    - iii) rely on the offering memorandum prospectus exemption and exemptions from the registration requirement in connection with the Offering, and
    - iv) engage in investor relations activities in connection with the Offering, including distributing securities of Finjoy;
  - b) the form of offering memorandum to be used in connection with the Offering must be in the required form and shall include at least the following:
    - i) any audited and interim unaudited financial statements required by the applicable offering memorandum form, including at least audited financial statements of Flexfi for the fiscal year ended August 31, 2017 and an interim unaudited financial statement for the period September 1, 2017 to May 31, 2018, and
    - ii) disclosure of Flexfi's intended use of funds to repay in full the \$4.6 million in principal owing to its investors;
  - c) no material information about the business of Flexfi or Finjoy may be used in marketing materials relating to the Offering if that disclosure is not part of the offering memorandum used in connection with the Offering;

- d) if the minimum amount of investment is achieved pursuant to the offering memorandum used in connection with the Offering, Ardalan will cause Flexfi to repay the full amount of the principal owing to existing Flexfi investors; and
- e) Ardalan will cause Flexfi and/or Finjoy to take all necessary steps to comply with this Order.

[9] Our reasons will follow.

November 9, 2018

**For the Commission**

Nigel P. Cave  
Vice Chair

Audrey T. Ho  
Commissioner

Gordon L. Holloway  
Commissioner