



British Columbia Securities Commission

Citation: 2018 BCSECCOM 45

Notice of Hearing

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

(collectively, the respondents)

Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (hearing) at which the executive director will tender evidence, make submissions and apply for orders against the respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Summary

1. Flexfi Inc. (Flexfi) sold \$6.92 million of its securities without filing a prospectus with the executive director. Prospectus exemptions were not available for about \$2.2 million of these sales.
2. By engaging in the conduct set out in this notice of hearing, Flexfi contravened section 61 of the Act every time it distributed a security to an investor without an exemption.
3. While he was a director and officer of Flexfi, Afshin Ardalan (Ardalan) authorized, permitted or acquiesced in Flexfi's contraventions of section 61 and therefore, by virtue of section 168.2 of the Act, he also contravened section 61.

Background

4. Flexfi is a federal company registered as an extra-provincial company in British Columbia. Flexfi is in the business of providing microloans to clients who have little or no access to bank loans.
5. Ardalan is a resident of British Columbia. He is a founding director of Flexfi and has been its president and sole officer since the company's inception.

Misconduct

6. Between 2013 and 2016, Flexfi distributed securities in the form of unsecured loans to 66 investors, who made 84 investments totaling \$6.92 million. Flexfi

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did not file a prospectus with the executive director relating to any of these distributions.

7. About \$2.2 million of Flexfi's distributions, representing unsecured loans to 47 investors who made 52 investments, did not qualify for any exemptions from the prospectus requirements of the Act, contrary to section 61 of the Act.
8. While Ardalan was the president, sole officer, and a director of Flexfi, Flexfi illegally distributed about \$2.2 million worth of its securities. Ardalan authorized, permitted or acquiesced in Flexfi's illegal distributions and, by virtue of section 168.2 of the Act, he also contravened section 61.

Hearing Process

- ¶ 2 The hearing in this matter has been set to occur on **Tuesday, February 13, 2018**, starting at **10:00 a.m.** The respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, for the hearing.
- ¶ 3 At the hearing, the respondents may be represented by counsel, make submissions and tender evidence. The respondents are requested to advise the Commission of their intention to attend the hearing by informing the Secretary to the Commission at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 4 At the hearing, the executive director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the respondents may be made in their absence.

Peter J. Brady
Feb 6 2018 1:51 PM-08:00

- ¶ 5 Peter J. Brady
Executive Director