

Citation: 2014 BCSECCOM 245

Settlement Agreement

Robert Launder

Securities Act, RSBC 1996, c. 418 (the Act)

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Robert Launder (Launder) agree as follows:

Agreed Statement of Facts

Background

1. At the relevant time, Baja Mining Corp. (Baja) was a BC-Prime reporting issuer that had its securities listed on the Toronto Stock exchange and was quoted on the OTCQX market in the United States. Baja's head office and management are located in Vancouver, British Columbia.
2. At the relevant time, Baja's sole asset was a joint venture interest in the Boleo copper mine project located in Baja California Sur, Mexico (Boleo Project).
3. Launder is a resident of Princeton, British Columbia but at the relevant time was a resident of Baja California Sur, Mexico. Launder, a chartered accountant and mining cost analyst, was the Manager – Project Controls (Manager) for Minera Y Metalurgica Del Boleo S.A. de C.V. (MMB), a subsidiary of Baja, who provided the Baja management team with advice on the Boleo Project.

Misconduct

4. In his capacity as Manager and mining cost analyst for the Boleo Project, Launder was integrally involved in the preparation of a cost review for the Boleo Project (Cost Review).
5. Between March 16, 2012, and April 18, 2012, Launder sent and received several email messages regarding the Cost Review. The emails contained various drafts of the Cost Review report, spreadsheets and communications with other employees involved in the preparation of the Cost Review.
6. The Cost Review ultimately identified a projected cost overrun of approximately \$246 million for the Boleo Project, representing an approximate 35% cost increase for the Boleo Project.

7. Baja planned to announce the results of the Cost Review in a news release (the News Release). In light of the pending publication of the Cost Review, Baja implemented trading blackout periods with respect to Baja shares, including a blackout from April 10, 2012, to April 25, 2012 (the Blackout). During the Blackout, insiders and employees of MMB, among others, were prohibited from trading in Baja shares.
8. Launder was aware of the Blackout, and as a member of the team that developed the Cost Review, he knew about the cost overrun long before it was disclosed to the public.
9. Launder held 15,000 shares of Baja. On Friday April 20, 2012, he sold 5,000 Baja shares at \$0.92 per share, for proceeds of \$4,600. Launder attempted to sell his remaining 10,000 shares of Baja on April 20, 2012 at \$0.93 per share, but the shares did not reach that price and the day order expired.
10. Baja's share price closed at \$0.91 on April 20, 2012, the last trading day before the cost overrun was made public.
11. On Monday, April 23, 2012, Baja issued the News Release:
 - (a) disclosing the preliminary results of the Cost Review identifying a projected cost increase of approximately \$246 million for the Boleo Project; and
 - (b) announcing the resignation of three members from the Baja Board of Directors.
12. The News Release had an immediate negative impact on Baja's share price:
 - (a) on April 23, 2012, the date of the News Release, Baja's stock price closed at \$0.57, representing a 37% one day decline from the previous days' closing price; and
 - (b) on April 24, 2012, the stock price fell further to \$0.38, a 58% decrease in 2 days.
13. Baja's stock price closed at an average of \$0.45 per share in the five trading days following issuance of the News Release, a decrease of \$0.50 per share compared with the 30-day share price average prior to the News Release.

14. Based on Baja's five-day average closing share price after the News Release, Launder avoided a loss of approximately \$2,350.

15. Launder does not have a regulatory history.

Breach of section 57.2

16. Launder, while in a special relationship with Baja, and with knowledge of the Cost Review before such information was generally disclosed, sold shares of Baja contrary to section 57.2(2) of the Act.

Public Interest

17. Launder's conduct described in this settlement agreement is contrary to the public interest. It is in the public interest that the Executive Director issue orders under section 161 of the Act.

Undertaking

18. Launder undertakes to pay to the Commission \$24,350 in respect of settlement of this matter, which sum is a condition of settlement due and payable at the time of execution of this Settlement Agreement.

Order

¶ 2 The Executive Director will issue an order (the Order) that, under section 161(1)(b) of the Act, Launder is banned from purchasing or trading in securities of any issuer with whom he is in a special relationship for a period of 3 years.

Consent to Regulatory Orders

¶ 3 Launder consent's to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 2 above.

Waiver

¶ 4 Launder waives any right he may have, under the Act or otherwise, to a hearing, hearing and review, judicial review, or appeal related to, in connection with, or incidental to this settlement.

Counterpart

¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

¶ 6 June 24, 2014

¶ 7 Robert Launder

Robert Launder

Nicole Fidler)

Witness Signature)

Nicole Fidler)

Witness Name (please print))

1200 – 701 W. Georgia St.)

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Vancouver, BC)

Address)

Investigator)

Occupation)

¶ 8 June 24, 2014

Paul Bourque

¶ 9 Paul C. Bourque, Q.C.
Executive Director