



Citation: 2022 BCSECCOM 8

Notice of Hearing

**Affinor Growers Inc., Nicholas Gordon Brusatore,
Brian Kent Whitlock, and Usama Zafar Chaudhry**

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 (Act), based on the following facts:

Summary

1. Affinor Growers Inc. made misrepresentations in two news releases by announcing the amount it raised or intended to raise in a financing but not disclosing that it would spend almost all of the funds immediately on consultants.
2. Brusatore was an officer of Affinor when it issued the news releases and by authorizing, permitting or acquiescing in Affinor's contraventions, he contravened the same provisions that it did.
3. Whitlock was a director of Affinor when it issued the news releases and by authorizing, permitting or acquiescing in Affinor's contraventions, he contravened the same provisions that it did.
4. Chaudhry was an officer of Affinor when it issued the second news release and by authorizing, permitting or acquiescing in Affinor's contravention in relation to that news release, he contravened the same provision that it did.

Background

5. Affinor is a vertical farming company based in Vancouver, British Columbia. It is a reporting issuer in British Columbia and its shares trade on the Canadian Securities Exchange.
6. Brusatore is a resident of Abbotsford, British Columbia. He was the CEO and president of Affinor when it made the misrepresentations.
7. Whitlock is a resident of Langley, British Columbia. He was a director of Affinor when it made the misrepresentations.
8. Chaudhry is a resident of Surrey, British Columbia. He was the CFO of Affinor when it made the misrepresentation in the second news release.



Misconduct

March 5, 2018 news release

9. On March 5, 2018, Affinor announced a \$4 million private placement and that the proceeds would be used to fund Affinor's operations and corporate development and for general working capital. Affinor did not disclose it would retain only about \$325,000, or approximately 8%, of the private placement as it intended to immediately spend \$3,675,000 on consulting fees.
10. By announcing a private placement but failing to disclose it intended to spend almost all of the funds on consulting fees, Affinor made a statement to investors it knew, or ought reasonably to have known, was a misrepresentation contrary to section 50(1)(d) of the Act.
11. While they were officers and/or directors of Affinor, Brusatore and Whitlock authorized, permitted or acquiesced in Affinor's contravention of section 50(1)(d) and, therefore, by operation of section 168.2 of the Act, they also contravened that same provision.

March 8, 2018 news release

12. On March 8, 2018, Affinor announced it had closed the private placement's first tranche of \$3,999,666 and that the proceeds would be used to fund Affinor's operations and corporate development and for general working capital. Affinor did not disclose it would retain only about \$325,000, or approximately 8%, of the first tranche as it intended to immediately spend \$3,675,000 on consulting fees.
13. By announcing the proceeds from the first tranche but failing to disclose it would retain only approximately 8%, Affinor made a statement to investors it knew, or ought reasonably to have known, was a misrepresentation contrary to section 50(1)(d) of the Act.
14. While they were officers and/or directors of Affinor, Brusatore, Whitlock and Chaudhry authorized, permitted or acquiesced in Affinor's contravention of section 50(1)(d) and, therefore, by operation of section 168.2 of the Act, they also contravened that same provision.

Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Thursday, March 24, 2022, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.
- ¶ 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 Hearing Office at PO Box 10142, Pacific



Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500;
email: hearingoffice@bcsc.bc.ca.

- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director may 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
Jan 25 2022 1:45 PM -08:00

- ¶ 5 Peter J. Brady
Executive Director