

IN THE MATTER OF  
THE *SECURITIES ACT*, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF ANDREW J. R. LEONARD,  
A.J.R. LEONARD CONSULTING, AL RC GLOBAL EQUITY, and  
CROSSLANDS ENERGY GROUP INTERNATIONAL INC. (collectively the  
"Respondents")

**SETTLEMENT AGREEMENT**

**PART I – INTRODUCTION**

1. The parties to this Settlement Agreement ("Agreement") are the Respondents and the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement").
2. The parties agree that the Nova Scotia Securities Commission ("Commission") has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

**PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT**

4. The Director of Enforcement agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as Schedule "A".
5. The parties agree that the Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. The Director of Enforcement agrees to recommend that the allegations acknowledged and admitted by the Respondents be resolved and disposed of in accordance with this Agreement.
7. The parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.



### **PART III – STATEMENT OF AGREED FACTS**

8. The Director of Enforcement and the Respondents agree with the facts and conclusions set out in this Part of the Agreement.
9. Andrew Leonard ("Leonard") resides in Halifax, Nova Scotia.
10. At all relevant times, A.J.R. Leonard Consulting ("AJR") was registered as a Partnership/Business Name with the Nova Scotia Registry of Joint Stock Companies ("Registry"). Its head office was registered as being located at Halifax, and Leonard was listed as Partner. The registration of AJR was revoked by the Registry for non-payment on July 6, 2010.
11. At all relevant times, AL RC Global Equity ("ALRC") was registered as a Partnership/Business Name with the Registry. Its head office was registered as being located at 160 Transon Drive, Halifax, and Leonard was listed as Partner. The registration of ALRC was revoked by the Registry for non-payment on October 6, 2010.
12. At all relevant times, Crosslands Energy Group International Inc. ("Crosslands") was registered as a N.S. Limited Company with the Registry. Its head office was registered as being located at Halifax, and Leonard was listed as Director, President and Secretary, and Recognized Agent. The registration of Crosslands was revoked by the Registry for non-payment on February 5, 2011.
13. On April 27, 2011 Crosslands had its registration reinstated by the Registry, and its name changed to Emissary Global Business Consulting Inc. ("Emissary"). The registration of Emissary was revoked by the Registry for non-payment on February 7, 2013.
14. The Respondents are not, nor have they ever been reporting issuers under the Act and have not filed, nor have they ever filed a prospectus or preliminary prospectus with the Commission.
15. The Respondents are not, nor have they ever been registered with the Commission in any capacity whatsoever.
16. At all relevant times, AJR, ALRC, and Crosslands were in the business of providing escrow services to third-party companies and/or organizations ("Escrow Clients"). The Escrow Clients solicited sales of securities to residents of the United Kingdom ("UK Investors") and then used the escrow services provided by the Respondents to facilitate and complete the sale of securities to the UK Investors.

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17. Specifically, the UK Investors wired the funds required to purchase securities from the Escrow Clients to bank accounts owned and controlled by the Respondents.
18. The Escrow Clients provided the Respondents with stock purchase agreements related to each of the UK Investors. The Respondents were instructed by the Escrow Clients to verify that the funds received from each of the UK Investors matched the amount listed in the stock purchase agreement and that the stock purchase agreement was signed by the UK Investor.
19. In some cases, the UK Investors were advised that they were purchasing shares of a company called Crosslands Energy Corp. Leonard had no affiliation with Crosslands Energy Corp. except that shares of Crosslands Energy Corp were solicited for sale by one of the Escrow Clients.
20. Leonard incorporated Crosslands on the recommendation of one of the Escrow Clients, and chose the Crosslands name because it was related to Crosslands Energy Corp.
21. One of the Escrow Clients provided those UK Investors who purchased Crosslands Energy Corp. shares a stock purchase agreement under cover of a letter on Crosslands letterhead, which was electronically signed by Leonard, as the CEO.
22. Between October 15, 2008 and February 19, 2010, the Respondents, through various bank accounts owned and operated by the Respondents, received 177 separate fund transfers from 120 separate people and 6 businesses, totaling approximately \$1,711,423.92 USD, \$220,641.77 CDN, and £9,000.00 GBP. Of those amounts, approximately \$327,382.03 USD and \$14,165.44 included notations relating to stock purchases.
23. \$4779.61 CDN and \$134,124.80 USD of the funds were returned to investors by the banks when Leonard's accounts were frozen.
24. By providing escrow services and intermediating trades between the Escrow Clients and the UK Investors, between October 2008 and September 2009, the Respondents acted in furtherance of trades in securities without being registered with the Commission to do so, thereby breaching section 31(1)(a) of the Act, as rep. by S.N.S. 2008, c. 32, s. 6.
25. By providing escrow services and intermediating trades between the Escrow Clients and the UK Investors, between October 2009 and February 2010, the Respondents acted as a dealer or as a representative of a dealer without being registered to do so, thereby breaching section 31(1) of the Act.



26. By using Crosslands to facilitate the sale of Crosslands Energy Corp. to the UK Investors, Leonard and Crosslands engaged in unfair practice by taking advantage of the UK Investors' inability to reasonably protect their own interests because of ignorance or inability to understand the character or nature of any matter relating to a decision to purchase, hold or sell a security, thereby breaching section 44A(2) of the Act.

#### **PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT**

27. The Respondents admit the facts set forth in Part III herein and acknowledge that they violated Nova Scotia securities laws.
28. The Respondents acknowledge and admit that they violated sections 31(1) and 44A(2) of the Act and 31(1)(a) of the Act, as rep. by S.N.S. 2008, c. 32, s. 6.
29. The Respondents acknowledge that their actions undermined investor confidence in the fairness and efficiency of capital markets and were contrary to the public interest.

#### **PART V – MITIGATING FACTORS**

30. The Respondents acknowledge and accept responsibility for their conduct which is the subject matter of this Agreement.
31. The Respondents cooperated with the Director of Enforcement's investigation of this matter.

#### **PART VI – TERMS OF SETTLEMENT**

32. The terms of settlement are set forth in the Order contained in Schedule "A" to this Agreement which is expressly incorporated herein.
33. The Respondents consent to the Order contained in Schedule "A".

#### **PART VII – COMMITMENTS**

34. If this Agreement is approved and the Order as set out in Schedule "A" is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.



35. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
36. If this Agreement is approved by the Commission, the Respondents agree to abide by all terms of this Agreement as set out in the Order attached as Schedule "A".
37. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in Schedule "A" is not granted by the Commission:
  - a) The Director of Enforcement and the Respondents will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
  - b) The terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of the Director of Enforcement and the Respondents or as may otherwise be required by law; and
  - c) The Respondents agree that they will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
38. If, in the view of the Director of Enforcement and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, the Director of Enforcement will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to the Respondents in writing. In the event of such notice being given, the provisions of paragraph 37 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

#### **VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

39. The Director of Enforcement or the Respondents may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.




**IX – EXECUTION OF SETTLEMENT AGREEMENT**

40. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

Dated at Halifax, Nova Scotia, this 19<sup>TH</sup> day of SEPTEMBER, 2013.

**SIGNED, SEALED AND DELIVERED**

In the presence of:



Witness



Andrew Leonard, for himself and:  
AJR Leonard Consulting  
AL RC Global Equity  
Crosslands Energy Group Int. Inc.

Dated at Halifax, Nova Scotia, this 27<sup>th</sup> day of September, 2013.

**SIGNED, SEALED AND DELIVERED**

In the presence of:



Witness



Randy Gass  
Director of Enforcement  
Nova Scotia Securities Commission



**SCHEDULE "A"**

IN THE MATTER OF  
THE *SECURITIES ACT*, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF ANDREW LEONARD,  
A.J.R. LEONARD CONSULTING, AL RC GLOBAL EQUITY, and  
CROSSLANDS ENERGY GROUP INTERNATIONAL INC. (collectively the  
"Respondents")

**ORDER**  
(Sections 134, 135 and 135A)

**WHEREAS** on \_\_\_\_\_, 2013 the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondents pursuant to sections 134, 135 and 135A of the Act;

**AND WHEREAS** the Respondents entered into a Settlement Agreement with the Director of Enforcement for the Nova Scotia Securities Commission, Enforcement Branch ("Director of Enforcement") whereby they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND WHEREAS** the Director of Enforcement recommended approval of the Settlement Agreement;

**AND UPON** reviewing the Settlement Agreement and the Notice of Hearing, and upon hearing submissions of counsel for the Director of Enforcement and the Respondents;

**AND UPON** the Commission considering it to be in the public interest to make this Order;

**IT IS HEREBY ORDERED** that:

1. The Settlement Agreement dated \_\_\_\_\_, 2013, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(a) of the Act, the Respondents comply with and cease contravening Nova Scotia securities laws;
3. Pursuant to section 134(1)(c) of the Act, that all of the exemptions contained in Nova Scotia securities laws do not apply to the

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Respondents for a period of fifteen (15) years;

4. Pursuant to section 134(1)(g) of the Act, that the Respondents be prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of fifteen (15) years;
5. Pursuant to section 134(1)(h) of the Act, that the Respondents be reprimanded;
6. Pursuant to section 135 of the Act, the Respondents shall forthwith pay an administrative penalty in the amount of sixty thousand dollars (\$60,000.00); and
7. Pursuant to section 135A of the Act, the Respondents shall forthwith pay costs in connection with the investigation and conduct of the proceedings before the Commission in the amount of five thousand dollars (\$5,000.00).

DATED at Halifax, Nova Scotia, this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

**NOVA SCOTIA SECURITIES COMMISSION**

\_\_\_\_\_  
(Chair)