

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

-and-

IN THE MATTER OF SCOTIAN WIND INC.
AND TERRANCE NORMAN
(collectively the Respondents)

ORDER
(Sections 134, 135 and 135A)

WHEREAS on June 23, 2016, the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondents pursuant to sections 134, 135, 135A of the Act;

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

AND WHEREAS the Director of Enforcement and the Respondents recommend approval of the Settlement Agreement;

AND WHEREAS the Commission is of the opinion that the Respondents have contravened Nova Scotia securities laws and it is in the public interest to make this Order;

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

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated June 21, 2016, 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)(h) of the Act, that the Respondents be reprimanded;
4. Pursuant to sections 135(a) and (b) of the Act, the Respondents shall forthwith pay an administrative penalty in the amount of seven thousand five hundred dollars (\$7,500.00); and

5. Pursuant to section 135A of the Act, the Respondents shall forthwith pay costs in the amount of five hundred dollars (\$500.00) in connection with the investigation and conduct of this proceeding.

DATED at Halifax, Nova Scotia, this 29th day of June, 2016.

NOVA SCOTIA SECURITIES COMMISSION



Michael Deturbide, QC



Kenneth Wheelans

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

-and-

IN THE MATTER OF SCOTIAN WIND INC.
AND TERRANCE NORMAN
(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 this 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 Agreement.

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9. Scotian Wind Inc. (Scotian) was incorporated under the *Companies Act*, R.S.N.S. 1989, c. 81, as amended, on August 25th, 2011 and its principal place of business is located in Halifax, Nova Scotia.
10. Terrance Norman (Norman) is the President, Chairman and Director of Scotian.
11. On or around July 3, 2012 Scotian was approved by the Minister as being qualified under the rules of the *Community Economic Development Corporation (CEDC) Regulations*, N.S. Reg. 168/2011 and its related legislation, including Blanket Order 45-523 and National Instrument 51-102.
12. On or about March 9, 2016, on behalf of Scotian, Norman circulated an email addressed "to all shareholders" of Scotian, which:
 - a. Included the subject line "Proposed New CEDIF Offering by Scotian Wind;"
 - b. Advised of the change in management at Scotian and that Norman had been elected as Chairman and President on December 16, 2015;
 - c. Indicated that Norman had been "working actively" to address a requirement from the Nova Scotia Department of Energy that Scotian "must raise \$4.5 million in CEDIF offerings over the next few years to ensure continued COMFIT eligibility;"
 - d. Stated that a draft offering document had been recently submitted to the Commission to "issue up to 7.5 million common shares at 40 cents per share for a total of \$3 million;
 - e. Stated "we expect to receive approval from the Minister of Finance for equity tax credits;"
 - f. Indicated that equity tax credits would equal 35% of the investment up to a maximum of \$50,000 in 2016, an additional 20% of the investment in 2021, and another 10% in 2026;
 - g. Stated "we expect that your return on investment over 20 years will be 11% per year on a cash basis (dividends) without taking into account the value of the ETCs" and only Nova Scotia investors will qualify for equity tax credits;
 - h. Indicated that "existing preferred shareholders will have the opportunity to redeem their preferred shares and invest the proceeds to purchase new common shares at 40 cents each;"

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- i. Stated that "once we have received a letter of non-objection from" from the Director of the Commission, "we will hold meetings with potential investors across the province;"
 - j. Advised that existing shareholders "will be the first ones to receive a copy of our offering document and you can make your decision at that time about investing" and attached an expression of interest form for interested investors to complete and return to Norman; and
 - k. Stated that the attached expression of interest form "is not a commitment but it will give us an indication as to how many shares our existing shareholders would like to purchase under this new offering." .
13. By circulating the March 9, 2016 email to all shareholders without a disclaimer the Respondents failed to comply with BO 45-523, parts (a)(1) and (c).
14. By including in the March 9, 2016 email to all shareholders:
- a. The price of the shares;
 - b. The number of shares being issued;
 - c. Information regarding the COMFIT eligibility;
 - d. Information regarding equity tax credits, including the expectation of receiving approval from the Minister of Finance;
 - e. Information that existing preferred shareholders will have the opportunity to redeem their shares and invest the proceeds in new common shares;

the Respondents failed to comply with BO 45-523, part (a)(2), and violated section 8(2) of the *CEDC Regulations*.

15. By including in the March 9, 2016 email to all shareholders information about:
- a. The expectation to receive approval from the Minister of Finance for equity tax credits;
 - b. The expectation to receive a letter of non-objection from the Director of the Commission;
 - c. The future value of equity tax credits to shareholders;
 - d. The future return on investment of the shares,

the Respondents failed to comply with BO 45-523, part (a), and violated section 17 of the *CEDC Regulations* and sections 4A.3 and 4B.2 of NI 51-102.

16. By failing to obtain written non-objection from the Director of the Commission prior to circulating the March 9, 2016 email to all shareholders, the Respondents violated sections 8(2), 15(2) and 15(3) of the *CEDC Regulations*.
17. By failing to file copies of the promotional materials with the Director of the Commission no later than two days after the materials are first used, the Respondents failed to comply with BO 45-523, part (d), and violated sections 8(2) and 15(3) of the *CEDC Regulations*.
18. The Respondents conduct was contrary to the public interest and undermined investor confidence in the fairness and efficiency of the capital markets.

PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENTS

19. The Respondents admit the facts set forth in Part III herein and acknowledge that they violated Nova Scotia securities laws.
20. The Respondents acknowledge and admit that they failed to comply with BO 45-52 and they violated the *CEDC Regulations* and sections 4A.3 and 4B.2 of NI 51-102.
21. 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

22. The Respondents acknowledge and accept responsibility for their conduct which is the subject matter of this Agreement.
23. The Respondents have cooperated fully with staff of the Commission in connection with the subject matter of this Agreement.
24. The communication to Scotian shareholders was intended to inform shareholders about the operations of their company in furtherance of the Board's duty to shareholders, and was not intended as promotional material.
25. The communication to shareholders clearly indicated that additional information would be delivered to shareholders prior to them making any investment decision, and no shareholder has committed to the offering as a result of the communication.

26. The Respondents are working cooperatively with corporate finance staff of the Commission in connection with the proposed offering under CEDC regulations, and will ensure that corrective disclosure is sent to all Scotian shareholders as approved by corporate finance staff of the Commission prior to any shareholder of Scotian committing to purchase securities under the proposed offering.

PART VI – TERMS OF SETTLEMENT

27. The terms of settlement are set forth in this Agreement and in the Order contained in Schedule "A" to this Agreement, which is expressly incorporated herein.
28. The Respondents consents to the Order contained in Schedule "A".

PART VII – COMMITMENTS

29. 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.
30. 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.
31. If this Agreement is approved by the Commission, the Respondents agree to abide by all terms of this Agreement.
32. 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 negotiations, the terms of the Agreement and 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.

A handwritten signature in black ink, appearing to be 'Jm' over 'RA', located in the bottom right corner of the page.

33. The Respondents acknowledge that the Director of Enforcement has the discretion to withdraw from this Agreement if additional facts or issues are discovered that cause him to conclude that it would not be in the public interest to request approval of this Agreement. In the event of such withdrawal, notice will be provided to the Respondents in writing and the provisions of paragraphs 32(a) and 32(b) of this Agreement will apply.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

34. 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.

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PART IX – EXECUTION OF SETTLEMENT AGREEMENT

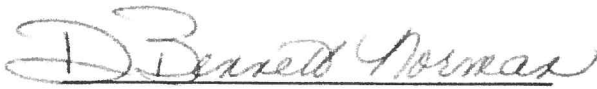
35. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

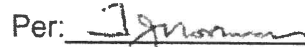
DATED at Halifax, Nova Scotia, this 21st day of June, 2016.


SIGNED, SEALED AND DELIVERED

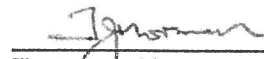
In the presence of:

Scotian Wind Inc.


Witness

Per: 
Terrance Norman, President



Witness

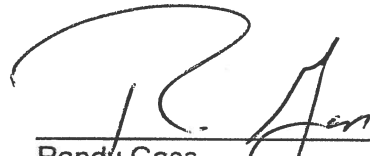

Terrance Norman

DATED at Halifax, Nova Scotia, this 21st day of JUNE, 2016.

SIGNED, SEALED AND DELIVERED

In the presence of:


Witness


Randy Gass
Director of Enforcement
Nova Scotia Securities Commission
Enforcement Branch



SCHEDULE "A"

IN THE MATTER OF
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(Sections 134, 135 and 135A)

WHEREAS on _____, 2016, the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondents pursuant to sections 134, 135, 135A of the Act;

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AND WHEREAS the Commission is of the opinion that the Respondents have contravened Nova Scotia securities laws and it is in the public interest to make this Order;

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

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated _____, 2016, 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)(h) of the Act, that the Respondents be reprimanded;
4. Pursuant to sections 135(a) and (b) of the Act, the Respondents shall forthwith pay an administrative penalty in the amount of seven thousand five hundred dollars (\$7,500.00); and



5. Pursuant to section 135A of the Act, the Respondents shall forthwith pay costs in the amount of five hundred dollars (\$500.00) in connection with the investigation and conduct of this proceeding.

DATED at Halifax, Nova Scotia, this _____ day of _____, 2016.

NOVA SCOTIA SECURITIES COMMISSION

(Chair)

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