

Initial Decision Release No. 1202  
Administrative Proceeding  
File No. 3-17558

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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In the Matter of  
**Bluforest, Inc.**

**Initial Decision of Default**  
October 25, 2017

Appearances: Amy J. Oliver, Daniel J. Wadley, and Paul Feindt for the  
Division of Enforcement, Securities and Exchange  
Commission

Before: Jason S. Patil, Administrative Law Judge

### **Summary**

This initial decision revokes the registration of the registered securities of Respondent. The revocation is based on Respondent's failure to timely file required periodic reports with the Securities and Exchange Commission.

### **Introduction**

On September 20, 2016, the Commission initiated this proceeding under Section 12(j) of the Securities Exchange Act of 1934 with an order instituting proceedings (OIP). The OIP alleges that Respondent has securities registered with the Commission under Exchange Act Section 12(g) and has repeatedly failed to file timely periodic reports with the Commission, in violation of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 thereunder.

Respondent was served with the OIP on November 28, 2016, and its answer due date was initially extended until February 28, 2017, based on a joint request from the parties. *Bluforest, Inc.*, Admin. Proc. Rulings Release No. 4494, 2016 SEC LEXIS 4843 (ALJ Dec. 29, 2016). That joint request attached correspondence from Respondent's CEO Charles Miller, based in Ecuador, indicating that Respondent did not yet have counsel but was

actively looking to obtain counsel. *Id.* On March 2, 2017, the parties filed a joint stipulation for another extension of the answer deadline to March 28, 2017, which I granted. *Bluforest, Inc.*, Admin. Proc. Rulings Release No. 4647, 2017 SEC LEXIS 654 (ALJ Mar. 3, 2017).

On March 28, 2017, Respondent contacted my office by email, representing that it had been unable to obtain counsel due to “lack of funds,” and requested a third answer extension to, among other things, raise money from investors and bring its filings up to date. *Bluforest, Inc.*, Admin. Proc. Rulings Release No. 4720, 2017 SEC LEXIS 991, at \*1-2 (ALJ Mar. 30, 2017). I denied this request, given that I had already granted two extensions, that extensions are generally disfavored, and that an extension for such reasons would be improper. *Id.* at \*2. I therefore ordered Respondent to show cause by April 10, 2017, why the registration of its securities should not be revoked by default due to its failure to file an answer. *Id.* I cautioned Respondent that if it failed to respond to the show cause order, it would be deemed in default and the registration of its securities would be revoked. *Id.* To date, Respondent has not filed an answer or responded to the show cause order.

### **Findings of Fact**

Respondent is in default for failing to file an answer or otherwise defend the proceeding. See OIP at 2; 17 C.F.R. §§ 201.155(a), .220(f). Accordingly, as authorized by Rule of Practice 155(a), 17 C.F.R. § 201.155(a), I find the following allegations in the OIP to be true.

Bluforest, Inc., Central Index Key No. 0001440172, is a Nevada corporation with its principal place of business in Quito, Ecuador. The company is involved in the sale of carbon offsets from property primarily located in Ecuador. The company’s common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act. The company is delinquent in its periodic and annual filings with the Commission. Audited financial information has not been available for the company since filing its 2012 Form 10-K. The company’s stock currently trades on the grey market under the ticker symbol BLUF.

The company filed its last annual report on Form 10-K on March 18, 2013, and its last quarterly report on Form 10-Q on November 18, 2013. Since then, it has not submitted its required periodic filings. The company has also failed to heed a delinquency letter sent to it by the Division of Corporation Finance requesting compliance with its periodic filing obligations or, through its failure to maintain a valid address on file with the Commission as required by Commission rules, did not receive such letter.

## Conclusions of Law

Exchange Act Section 13(a) and Rules 13a-1 and 13a-13 require public corporations to file annual and quarterly reports with the Commission. “Compliance with those requirements is mandatory[.]” *America’s Sports Voice, Inc.*, Exchange Act Release No. 55511, 2007 SEC LEXIS 1241, at \*12 (Mar. 22, 2007), *recons. denied*, Exchange Act Release No. 55867, 2007 SEC LEXIS 1239 (June 6, 2007). Scienter is not required to establish violations of Exchange Act Section 13(a) and Rules 13a-1 and 13a-13. *See SEC v. McNulty*, 137 F.3d 732, 740-41 (2d Cir. 1998); *SEC v. Wills*, 472 F. Supp. 1250, 1268 (D.D.C. 1978). Respondent failed to timely file periodic reports. As a result, Respondent violated Exchange Act Section 13(a) and Rules 13a-1 and 13a-13.

## Sanction

Under Exchange Act Section 12(j), the Commission is authorized, “as it deems necessary or appropriate for the protection of investors,” to revoke the registration of a security or suspend the registration for a period not exceeding twelve months if it finds, after notice and an opportunity for hearing, that the issuer of the security has failed to comply with any provision of the Exchange Act or rules thereunder. In determining what sanctions will ensure that investors are adequately protected, the Commission “consider[s], among other things, the seriousness of the issuer’s violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the extent of the issuer’s efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations.” *Gateway Int’l Holdings, Inc.*, Exchange Act Release No. 53907, 2006 SEC LEXIS 1288, at \*19-20 (May 31, 2006).

Respondent’s failures to file required periodic reports are serious because the failures constitute violations of a central provision of the Exchange Act. The purpose of periodic reporting is “to supply investors with current and accurate financial information about an issuer so that they may make sound [investment] decisions.” *Gateway Int’l Holdings, Inc.*, 2006 SEC LEXIS 1288, at \*26. The reporting requirements are the primary tool that Congress “fashioned for the protection of investors from negligent, careless, and deliberate misrepresentations” in the sale of securities. *Eagletech Commc’ns, Inc.*, Exchange Act Release No. 54095, 2006 SEC LEXIS 1534, at \*12 (July 5, 2006) (quoting *SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977)). Respondent’s violations are also recurrent in that it repeatedly failed to file periodic reports. *See Nature’s Sunshine Prods., Inc.*, Exchange Act Release No. 59268, 2009 SEC LEXIS 81, at \*20 (Jan. 21, 2009) (respondent failed to file seven required periodic reports due over a two-year period); *Impax Labs., Inc.*, Exchange Act Release No. 57864, 2008 SEC LEXIS 1197, at \*25-26 (May

23, 2008) (respondent's failure to make eight filings over an eighteen-month period considered recurrent). Respondent is culpable because it failed to heed the delinquency letter sent to it by the Division of Corporation Finance. Even if Respondent did not receive the letter due to its failure to maintain a valid address on file with the Commission as required by Commission rules, the other factors weigh in favor of revocation, and scienter is not necessary to establish grounds for revocation. *See China-Biotics, Inc.*, Exchange Act Release No. 70800, 2013 SEC LEXIS 3451, at \*37 & n.60 (Nov. 4, 2013). In any event, there is no indication that its violations were inadvertent or accidental. *Id.* Moreover, Respondent has not answered the OIP or responded to the show cause order, and, other than its assertion that it intends to raise money from investors to bring its filings up to date, has not addressed whether it has made any effort to remedy its past violations or ensure future compliance. *See Bluforest, Inc.*, 2017 SEC LEXIS 991, at \*1-2.

For the reasons described above, it is necessary and appropriate for the protection of investors to revoke the registration of each class of Respondent's registered securities.

### **Order**

It is ORDERED that, under Section 12(j) of the Securities Exchange Act of 1934, the registration of each class of registered securities of Bluforest, Inc., is hereby REVOKED.<sup>1</sup>

This initial decision shall become effective in accordance with and subject to the provisions of Rule 360, 17 C.F.R. § 201.360. Under this rule, a party may file a petition for review of this initial decision within twenty-one days after service of the initial decision. A party may also file a motion to correct a manifest error of fact within ten days of the initial decision, under Rule 111, 17 C.F.R. § 201.111(h). If a motion to correct a manifest error of fact is filed by a party, then a party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact.

This initial decision will not become final until the Commission enters an order of finality. 17 C.F.R. § 201.360(d). The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to

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<sup>1</sup> This order applies to all classes of Respondent's securities registered under Section 12 of the Exchange Act, whether or not such securities are specifically identified by ticker symbol or otherwise in this initial decision.

review the initial decision as to a party. *Id.* If any of these events occur, the initial decision shall not become final as to that party. *Id.*

A respondent may move to set aside a default. Rule 155(b) permits the Commission, at any time, to set aside a default for good cause, to prevent injustice and on such conditions as may be appropriate. 17 C.F.R. § 201.155(b). A motion to set aside a default shall be made within a reasonable time, state the reasons for the failure to appear or defend, and specify the nature of the proposed defense in the proceeding. *Id.*

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Jason S. Patil  
Administrative Law Judge