



Alberta Investors Protection



February 2013 Town Hall Meeting

Moderated by Barrie Reagan



The Agenda

- Why we are here tonight
- Who are the presenters
- Alberta Investors Protection History
- Effects on Albertans
- Securities Regulations Failures
- Concrete Equities Experience
- CCAA Experience
- Q&A

*Please set cell phones to vibrate and hold questions to the Q&A period

Why are we here tonight?

- Discuss the financial toll on countless investors
- Discuss the Human toll of these losses
- To provide you with a forum to speak up, share your experiences, and show you that you are not alone
- To do something about this seller favoured environment no more “LET THE BUYER BEWARE”.
- To pressure our government to change these injustices and make changes in the penalties to those sellers who are convicted of wrongdoing.
- Discuss recovery options for our investments.

Who are the presenters?

- Don Logan personally impacted very significantly and has led a major group of investors to success in recovering most of their investments
- Larry Elford will share his experience with Alberta securities regulatory failures
- Terry Town will share his story as a guiding force in the Concrete Equities mess
- Nicole Shurko will share her experience with forming an Unsecured Creditors group and the CCAA process with Foundation Capital

Alberta Investors Protection History

- Investors Huge Financial Tolls are growing
- We need an advocacy group to stand up for the people who can't.
- A voice for the victims
- Fight for a fair process, better regulation
- Hold the ASC Liable for these Toxic investments
- Explore ways to recover our investments

Don Logon

The Effects On Albertans

- **Investor**
- **Lead the fight for the Principal group**
- **Investor Advocate**

The Effects on Albertans



Does This Sound Familiar?

- Have you had serious problems trying to get any answers from the promoters once a problem occurred or payments stopped?
- Have you formed an investors group to demand answers, seek legal options, spur communication, and take action?
- Have investors volunteered to lead the battle and solicit money for a legal fund, locate a lawyer, etc.?
- Has your group grown frustrated by the lack of regulatory support or even concern when you file a complaint?
- Has your group suspected fraud but unable to get financial statements, or any support from regulators to do so?

Does This Sound Familiar?

- Has the RCMP told you that they don't have the resources to help and want assurance of conviction if they do proceed?
- Have court applications taken months to obtain and then deferred again and again to delay action?
- Has the time slipped away creating greater fears of the promoter emptying the bank account?
- Has the project you invested in become a distressed entity losing value by the day?
- Have you gone to court and told that you have to spend more time and money on legal issues?

Does This Sound Familiar?

- Have you already suffered great losses while the promoter suffered none?
- Has investors in your group taken drastic action, gone into depression, come out of retirement or just given up?
- Has a receiver been appointed whose exorbitant fees have reduced your investment to nothing?
- Have you watched the guilty walk away free to act again while your life is left in ruins?
- Do you question the public security function of the Alberta Securities Commission and lack of sanction by R.E.C.A.?

Known Companies

Growing List of known Alberta based companies to Nov 2012	Amount of Funds Raised	Investors
Brost & Sorenson - Arbour, Meredon	\$ 400,000,000.00	3110
Bridgecreek/BridgeGate	\$ 75,000,000.00	1250
CBI Group (Frank Capital - suspended)	\$ 31,000,000.00	700
* Concrete Equities/Wealthstreet	\$ 118,000,000.00	3900
CPI Crown Properties and/or Quotavest Inc	\$ 25,000,000.00	1100
Edgeworth MIC I,.II, III (also 4000 Asian investors - more \$)	\$ 35,200,000.00	450
FMC & PFK	\$ 81,000,000.00	800
Focused Money group of companies	\$ 54,000,000.00	550
* Foundation Capital - Harvest Group of Companies	\$ 500,000,000.00	6000
Gibraltar Mortgage	\$ 51,000,000.00	800
Global 8 Env Tech/ CAR	\$ 19,000,000.00	300
Liberty Gate	\$ 27,000,000.00	800
Lucid group of companies	\$ 58,000,000.00	250
New Solutions	\$ 221,000,000.00	450
Platinum Equities	\$ 160,000,000.00	2300
Signature Capital	\$ 60,000,000.00	1100
Shire International	\$ 64,000,000.00	800
Stoneset Equities	\$ 45,000,000.00	450
Transcap	\$ 51,600,000.00	133
United Investment Group Inc	\$ 40,000,000.00	450
Unity Group Investments	\$ 20,300,000.00	277
Webbco International	\$ 130,000,000.00	120

* indicates court monitored restructuring being undertaken

Total	\$ 2,221,100,000.00	26090
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Passing the Buck



Minister of Public Safety

Ministre de la Sécurité publique

Ottawa, Canada K1A 0P8

JAN 28 2013

Dear Mr. Brown:

The office of my colleague, the Honourable Rob Nicholson, Minister of Justice and Attorney General of Canada, has forwarded to me your correspondence of August 26, 2012, concerning fraud. I apologize for the delay in responding.

Your concerns are of interest to me, given my overall responsibility for federal policing in Canada. However, law enforcement and the administration of justice are provincial responsibilities. As such, you may wish to bring your concerns to the attention of the Solicitor General and Minister of Public Security of Alberta by writing to:

The Honourable Jonathan Denis, Q.C., M.L.A.
Solicitor General and Minister
of Public Security
4023 Legislature Building
10800 97 Avenue
Edmonton, Alberta T5K 2B6

Notwithstanding, I have provided a copy of your correspondence to the Royal Canadian Mounted Police (RCMP) and have been advised that the information you provided has been forwarded to the RCMP's Integrated Market Enforcement Team in Alberta for their review, assessment and action as deemed appropriate.

Thank you for taking the time to write.

Yours sincerely,

Vic Toews, P.C., Q.C., M.P.

Canada

Victim Impact Statements

- I was speaking with a woman this week whose husband had recently committed suicide after losing a lot of money to these schemes.
- Similarly other people we have spoke with are thinking of suicide to get their life insurance money due to the guilt and shame they feel over having been swindled out of their retirement money.
- Other's are losing their houses, selling possessions, some can't even afford to eat.
- People were told these investments were safe and that they could get their money out at any time.

Larry Elford

Alberta Securities Regulation Failures

- **Business Owner**
- **Investor Advocate**

Alberta Security Regulation Failures





**My life is
based on a
true story.**

Breach of Trust

The Unique Violence of White Collar Crime

From the minor crime of salesmen skimming and scamming trusting investment clients, to a story of how to pocket \$800 million at the corporate level, to an insiders view of how to steal \$32 billion and get away with it. A financial system bent on greed. Predators vs prey.





XL Foods panelists to be paid up to \$1,300 daily to review outbreak



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ASC
Alberta Securities Commission

Fostering Capital Opportunities

Search: "exemption" GO Power Search

Securities Law & Policy
For Companies
For Dealers, Advisers & Investment Fund Managers
For Investors
Disclosure & Compliance
Enforcement
News & Publications
About ASC

2. For Companies 4864 results.

983189 v2 - NET-THRU-PUT EXEMPTION ORDER (S. 44 AND 213) [PDF 23 KB]
Exemption Orders
Effective: 6/7/2002

CIBC World Markets Inc. [PDF 59 KB]
Exemption Orders
Effective: 5/8/2009

Bloomberg Tradebook LLC [PDF 15 KB]
Exemption Orders
Effective: 9/23/2008

Goldman, Sachs & Co. [PDF 15 KB]
Exemption Orders
Effective: 11/21/2008

CVM Investment Counsel Inc. and Whitley Energy Capital Partners, LP [PDF 69 KB]
Exemption Orders
Effective: 10/14/2009

TSX Venture Exchange [PDF 28 KB]
Exemption Orders
Effective: 9/30/2009

Selected Refinements
Exemption Orders X

Category
2. For Companies
3. For Dealers & Advisers

Why 4800 exemptions?
Why Goldman Sachs?

Bear Trap



Dumping



Exemption Document

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105 MUTUAL FUND SALES PRACTICES

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF
APPLICATIONS

AND

IN THE MATTER OF ASSANTE CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Nunavut, the Yukon, and Northwest Territories (the “Original Jurisdictions”) and Saskatchewan and Quebec (collectively with the Original Jurisdictions, the “Jurisdictions”) have received an application from Assante Corporation (the “Filer”) on behalf of itself and its current and future affiliated distributors and their respective representatives from time to time for a decision under section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices (“NI 81-105”) that the prohibitions on certain rebates contained in section 7.1 of NI 81-105 shall not apply to rebates paid by representatives to clients who are switching from third party products to mutual funds managed by, or by an affiliate of, the Filer;

AND WHEREAS, on April 15, 1999, the Original Jurisdictions granted an exemption to the Filer from section 7.1 under section 9.1 of NI 81-105 (the “Prior Exemption”);

AND WHEREAS this MRRS Decision Document replaces and revokes the Prior Exemption in the Original Jurisdictions;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), The Manitoba Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

Violence of Financial Crime



Subprime Mortgage Fraud

B8 Report on Business The Globe and Mail, Thursday, Sept. 4, 2008

International

ECONOMY



CREDIT CRUNCH

Wall St. brokers face charges in \$1-billion subprime fraud

Former Credit Suisse traders allegedly sold high-risk securities to unknowing investors

BY TOM HAYS NEW YORK

A former Wall Street broker pleaded not guilty yesterday to charges he and a colleague duped investors into purchasing more than \$1 billion (U.S.) in high-risk securities by making it look as though the trades were protected by the federal government.

An indictment unsealed in federal court in Brooklyn, N.Y., said because the securities actually were tied to subprime mortgages, Eric Butler and Julian Tholov stood to pocket higher commissions. The scheme was exposed when the subprime market collapsed.

"The defendants' fraudulent misrepresentations and bait-and-switch tactics saddled investors with unknown risks they did not bargain for," U.S. Attorney Benton Campbell said.

The New York investment firm said it immediately informed the U.S. Securities and Exchange Commission of their activities and has continued to assist the agency in its investigation.

The indictment and a related SEC civil lawsuit alleged that Mr. Butler and Mr. Tholov led corporate customers to believe that auction-rate securities being purchased in their accounts were backed by federally guaranteed student loans and were safe like cash.

In reality, the securities were backed by subprime mortgages, collateralized debt obligations and other high-risk investments, the authorities said. Because of their higher risk, they brought a higher yield and much larger commissions for the brokers.

The authorities said Mr. Tholov

Russian sabre rattling roils investors

Main stock index down a third since May; \$25-billion in capital may have left the country

BY ANNE FERRE-BOTMAN MOSCOW

Wine goblets and vodka shot glasses are lined up untouched on long, vacant wooden tables

suffered its biggest decline since the financial crisis in 1998.

Armine Guleghian, vice-president of FinKyon Power Invest-

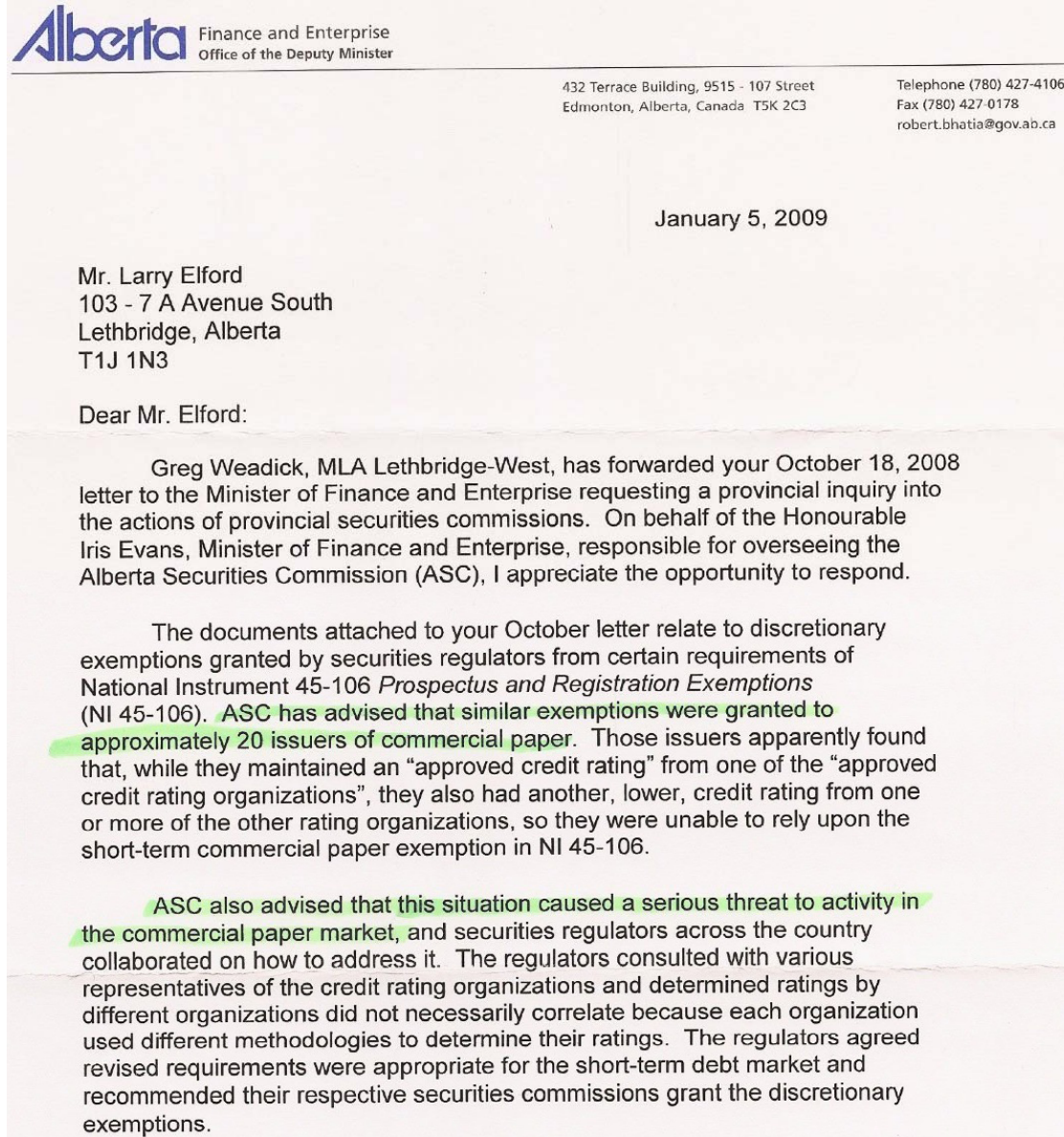
Russia RTS index	
DAILY CLOSE	2,800

sian economy. He forecast net capital inflows of \$30-billion to \$40-billion for this year as a whole, in line with official pressure estimates.

Violence of Financial Crime



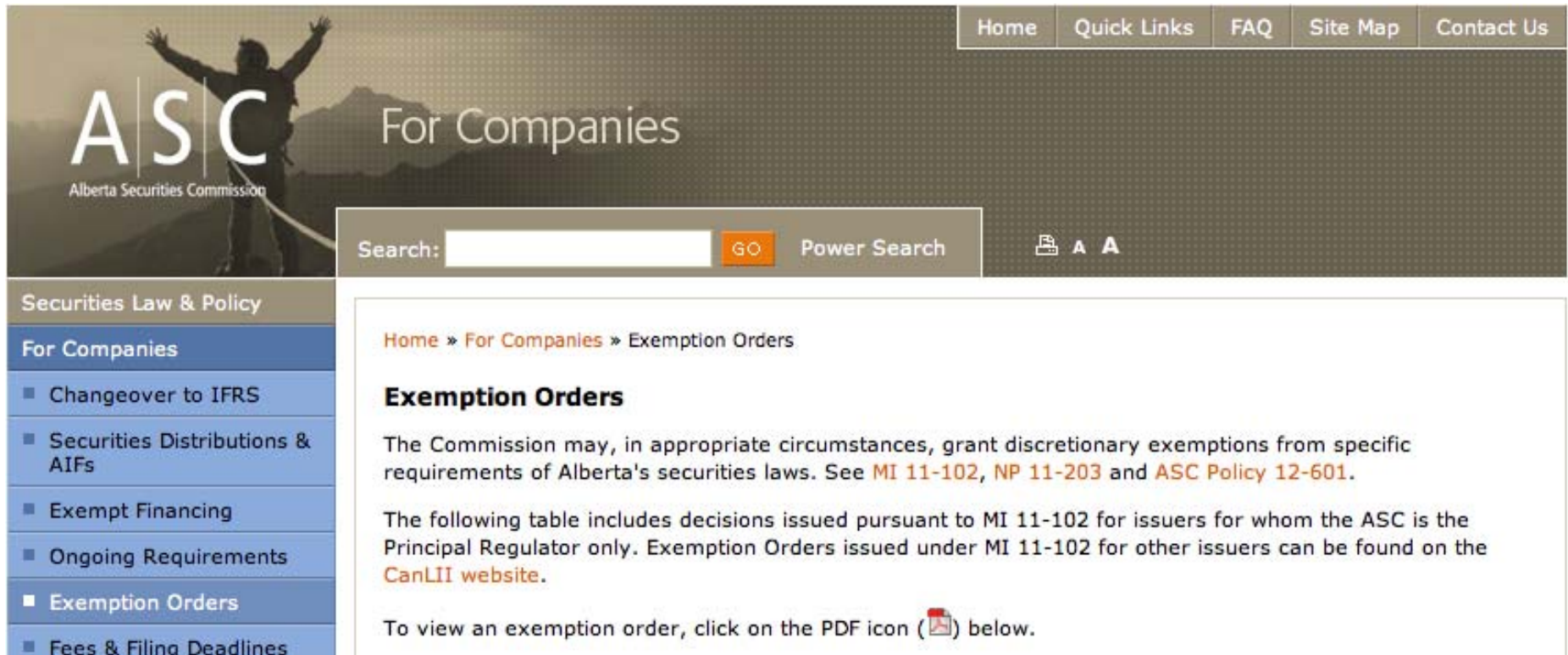
“20 exemptions granted”



ASC Annual Report



ASC Exemption Orders



The screenshot shows the ASC For Companies website. The header includes the ASC logo (Alberta Securities Commission) and the text "For Companies". Navigation links at the top right are Home, Quick Links, FAQ, Site Map, and Contact Us. A search bar with a "GO" button and "Power Search" link is present. A left sidebar lists various topics, with "Exemption Orders" highlighted. The main content area shows the breadcrumb "Home » For Companies » Exemption Orders", the title "Exemption Orders", and text explaining that the Commission may grant discretionary exemptions from specific requirements of Alberta's securities laws, citing MI 11-102, NP 11-203, and ASC Policy 12-601. It also mentions that a table of decisions issued pursuant to MI 11-102 for issuers for whom the ASC is the Principal Regulator only is provided, and that exemption orders issued under MI 11-102 for other issuers can be found on the CanLII website. A note at the bottom states: "To view an exemption order, click on the PDF icon (📄) below."

Home » For Companies » Exemption Orders

Exemption Orders

The Commission may, in appropriate circumstances, grant discretionary exemptions from specific requirements of Alberta's securities laws. See [MI 11-102](#), [NP 11-203](#) and [ASC Policy 12-601](#).

The following table includes decisions issued pursuant to MI 11-102 for issuers for whom the ASC is the Principal Regulator only. Exemption Orders issued under MI 11-102 for other issuers can be found on the [CanLII website](#).

To view an exemption order, click on the PDF icon (📄) below.

DECISIONS, DECISIONS

Moody's Investors Service

P-2

Standard & Poor's

A-2

8. The Short-term Debt Instruments may have a lower rating than required by the Short-term Debt Exemption and accordingly, the Short-term Debt Exemption may not be available.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met. [11](#)

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that each Short-term Debt Instrument:

Consumer Protection


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www.hc-sc.gc.ca

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Home > Consumer Product Safety > Legislation & Guidelines > Acts & Regulations

Canada Consumer Product Safety Act

For Industry

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[Proactive Disclosure](#)

Consumer Product Safety

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Canada Consumer Product Safety Act (CCPSA)



For Industry

- [Canada Consumer Product Safety Act - Webinar - October 5, 2011](#)
- [Watch a video on the new Act](#)
- [Mandatory Reporting](#)
 - [Guidance Document](#)
 - [Consumer Incident Report Form](#)
- [Frequently Asked Questions](#)



For Consumers

- [Report an Unsafe Product](#)
- [Search for Consumer Product Recalls](#)
- [Canada Consumer Product Safety Act Background](#)

OOOPS!

ONLINE NOW
**MONEY SHOTS AT
THE OSCARS**



THE VANCOUVER SUN

↑ NEWS OPINION **BUSINESS** SPORTS ENTERTAINMENT LIFE HEALTH TECHNOLOGY TRAVEL

David Baines: B.C. regulators propose laws to better protect investors

BY DAVID BAINES, VANCOUVER SUN JANUARY 3, 2013

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STORY

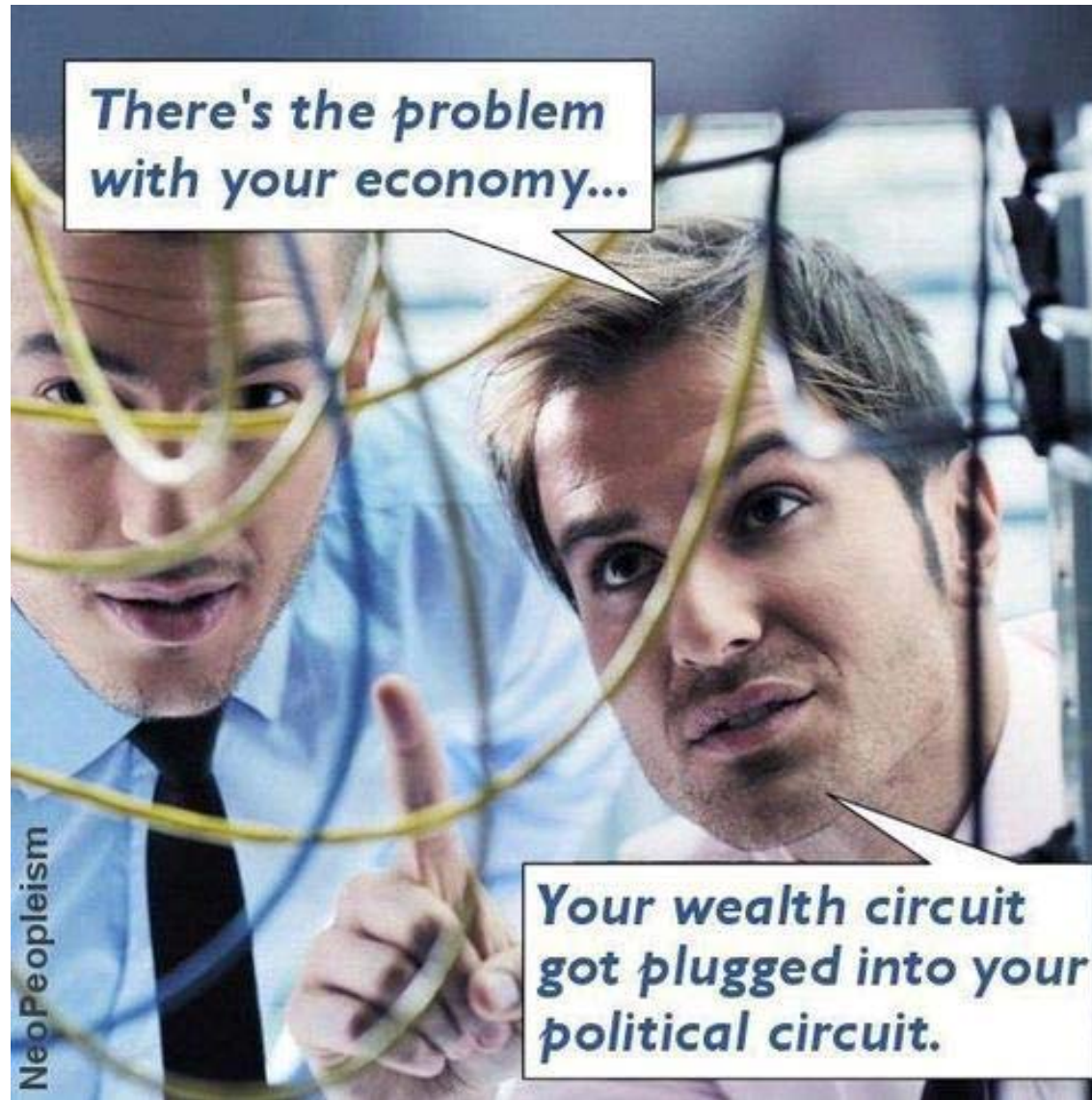
PHOTOS (1)



MORE ON THIS STORY

- Baines: Four stock offenders caught in BCSC offshore sweep were all from West Vancouver
- David Baines: West Vancouver "portfolio"

Regulators Wires Crossed



Nicole Shurko

UCC and CCAA Experience

- **Investor**
- **Financial Advisor**
- **Chair of the Unsecured Creditors Committee**

UCC

Unsecured Creditors Committee

- How It Began
- Why we formed the UCC
- Who was the UCC

CCAA

Companies Creditors Arrangement Act

- Allows for the Debtor Company to restructure company to avoid Bankruptcy
- Protects the Debtor from Claims of Creditors.

Debtors



FOUNDATION
CAPITAL CORPORATION
A DIVISION OF THE HARVEST GROUP OF COMPANIES



Ron Aitkens
CEO

Monitor

ERNST & YOUNG
Quality In Everything We Do

Creditors

UCC

Unsecured Creditors Committee



Debtors Have Been Paid

Example:

- Lands Purchased originally by Ron Aitkens number company for \$5.6 Million
- Investors Paid \$12 Million
- Front End property Lift \$6.4 Million
- Plus Company paid Management fees in excess of \$1.2 Million

Why Our Involvement?

Our Understanding of the Original Plan of Arrangement:

1. Convert Bonds to Shares (70/30%)
2. Ron Aitkens To Remain In Management
3. Full Release for Directors of companies.

What Happened

Changes Based on UCC Involvement:

1. Bonds converted to 0% Interest Bonds – Investors became full owners of companies
2. Board of directors created to take over.
3. No directors releases - preserved investors ability to litigate.

Questions about our Legal System

1. In the CCAA process it seems that only the Debtors have rights.
2. Investors – Creditors ultimately paid for all the legal and professional fees.
3. CRO motion and vote – What happened after
4. Questions on CCAA process & Investors rights in CCAA process

Where Are We Today?

1. Investors own the land and companies
2. Due to high cost of legal and monitor fees – debt owing on land and high interest rates, value of land will be eroded quickly
3. Investors paid for entire CCAA process!
4. Monitor, lawyers and even Management of the failing companies were paid!! While investors lose 80-90% of investment.

Olympia Trust - Explanation

- Explain the yearly Fees
- How does Eyelogic Fit into all this?
- Q&A from the Audience



Terry Town

Concrete Equities Experience

- **Investor**
- **Business Owner**
- **Head of the Concrete
Equities Steering Committee**

Concrete Equities Experience



Show of Hands?

- Who thinks we should hold the ASC accountable?



Questions & Answers and Open Mic



What can you do?

- Contact you MLA
- Join us at:

www.AlbertaInvestorsProtection.com