



**In the Matter of**  
***The Securities Act, 1988, S.S. 1988, C. S-42.2***

**and**

**In the Matter of**  
**C2 Ventures Inc.**  
**Monte Dobson**

**Notice of Hearing**

To: **C2 Ventures Inc.**  
**Monte Dobson**

TAKE NOTICE that you or your legal counsel are to attend before a panel of the Saskatchewan Financial Services Commission (the Commission) via teleconference on Wednesday, December 14, 2011 at 1:30 pm to set a date for a hearing into the matters set out below.

The teleconference numbers are:

Pass code: [REDACTED]

At the hearing, staff of the Commission will ask the hearing panel to consider whether it is in the public interest to make any of the following orders against [REDACTED] (the Respondents):

- (a) the exemptions under Saskatchewan securities laws do not apply to the Respondents pursuant to clause 134(1)(a) of *The Securities Act, 1988* (the Act);
- (b) the Respondents cease trading in any securities or exchange contracts pursuant to clause 134(1)(d) of the Act;
- (c) the Respondents cease acquiring securities or exchange contracts pursuant to clause 134(1)(d.1) of the Act;

- (d) the Respondents cease giving advice regarding securities pursuant to clause 134(1)(e) of the Act;
- (e) pursuant to clause 134(1)(h) of the Act, Dobson:
  - (i) resign any position that he holds as a director or officer of an issuer, a registrant or an investment fund manager;
  - (ii) be prohibited from becoming or acting as a director or officer of an issuer, registrant or investment fund manager or
  - (iii) not be employed by an issuer, registrant or investment fund manager;
- (f) Dobson be prohibited from becoming or acting as a registrant, an investment fund manager or a promoter pursuant to clause 134(1)(h.1) of the Act;
- (g) the Respondents pay financial compensation of up to \$100,000 to each person or company that has suffered a financial loss caused by their contravention of or failure to comply with Saskatchewan securities laws pursuant to section 135.6 of the Act;
- (h) the Respondents pay an administrative penalty of up to \$100,000 pursuant to section 135.1 of the Act; and
- (i) the Respondents pay the costs of or relating to the hearing pursuant to section 161 of the Act.

Staff of the Commission will seek orders under the provisions of the Act set out above based on the following facts and allegations:

### **The Parties**

1. C2 Ventures is a company incorporated under the laws of Alberta on August 29, 2006, with a registered head office located in Edmonton, Alberta.
2. At all material times C2 Ventures maintained a Web site at <http://www.c2ventures.ca> (the C2 Ventures Web site). From January 12, 2010 the Web site has not been accessible. While it was accessible, the C2 Ventures Web site set out the following information:
  - (a) C2 Ventures is a privately owned real estate investment and consulting company helping individuals to invest in real estate;
  - (b) C2 Ventures performs rigorous due diligence on every project that C2 Ventures participates in and involves a professional team of lawyers, accountants, consultants, inspectors, realtors, mortgage brokers and more;
  - (c) C2 Ventures invests in high quality, well selected real estate investments using sophisticated investment strategies; and

- (d) C2 Ventures seeks out to source secured real estate investment options with the opportunity for very lucrative returns.
3. At all relevant times Dobson was a resident of Regina, Saskatchewan. He was also the president and a director of C2 Ventures.

### **The Letter**

4. C2 Ventures sent a letter dated July 18, 2007 (the Letter) to Saskatchewan residents proposing that they invest in a real estate development project. The Letter stated the following:
- (a) C2 Ventures is pooling investors to fund the conversion of apartment buildings located at 2141 Rae Street, 2358 Rae Street, 2060 Lorne Street and 114 Froom Crescent in Regina, Saskatchewan into condominiums (the Project) in exchange for a percentage of equity;
  - (b) C2 Ventures has established a relationship with D. Robinson & Associates Inc. (Robinson & Associates), a developer in Edmonton, Alberta, who has purchased the Project buildings in Regina, Saskatchewan;
  - (c) Robinson & Associates is a company specializing in real estate development and investment and has a proven success in the real estate industry;
  - (d) C2 Ventures assures investors that if they invest in the Project with C2 Ventures, they would be investing with a team of experts who know how to buy, manage and sell positive cash flow properties using sophisticated investment strategies;
  - (e) By pooling resources, C2 Ventures is better able to negotiate an equity position for investors, which will lead to a greater return on investment for all investors; and
  - (f) C2 Ventures will ensure that all investments will be fully secured and registered on title.
5. The Letter invited Saskatchewan residents to execute a Joint Venture Agreement (1<sup>st</sup> JVA) and send a cheque to C2 Ventures.

### **The investments**

6. Based on the representations of C2 Ventures' Web site and the Letter, between June 2007 to August 2007, approximately 11 Saskatchewan residents executed the 1<sup>st</sup> JVA and sent approximately \$900,000 to C2 Ventures.
7. Particulars of the investors referred to in paragraph 6 above include, but are not limited to, the following:

- (a) [REDACTED] ([REDACTED]) of Tisdale, Saskatchewan through [REDACTED] of [REDACTED], executed a 1<sup>st</sup> JVA on July 27, 2007 and sent the 1<sup>st</sup> JVA and a cheque in the amount of \$200,000 to C2 Ventures;
- (b) [REDACTED] of Tisdale, Saskatchewan executed a 1<sup>st</sup> JVA on July 27, 2007 and sent the 1<sup>st</sup> JVA and a cheque in the amount of \$50,000 to C2 Ventures;
- (c) [REDACTED] and [REDACTED] of Regina, Saskatchewan both executed a 1<sup>st</sup> JVA on August 7, 2007 and sent the 1<sup>st</sup> JVA and a cheque in the amount of \$50,000 to C2 Ventures.

8. Some other investors who purchased C2 Ventures securities are as follows:

- (a) [REDACTED] of Indian Head, Saskatchewan invested \$30,000;
- (b) [REDACTED] of Regina, Saskatchewan invested \$50,000;
- (c) [REDACTED] of Regina, Saskatchewan invested \$37,500;
- (d) [REDACTED] of Regina, Saskatchewan invested \$25,000;
- (e) [REDACTED] of Saskatoon, Saskatchewan invested \$50,000;
- (f) [REDACTED] of Saskatoon, Saskatchewan invested \$200,000;
- (g) [REDACTED] of Saskatoon, Saskatchewan invested \$200,000

### **The 1<sup>st</sup> Joint Venture Agreement**

9. The 1<sup>st</sup> JVA executed between C2 Ventures and each investor contained the following provisions:

- (a) C2 Ventures shall jointly purchase and, or own a share of the Project with Robinson & Associates;
- (b) C2 Ventures shall jointly and collectively pool funds of investors together to acquire and, or own an interest in the Project with Robinson & Associates; and
- (c) C2 Ventures and Robinson & Associates will be the registered owners of the Project.

### **The 2<sup>nd</sup> Joint Venture Agreement**

10. On August 5, 2007, C2 Ventures executed a Joint Venture Agreement (the 2<sup>nd</sup> JVA) with Robinson & Associates that contained the following provisions:

- (a) C2 Ventures will only be acquiring an interest in the profits, if any, from the ultimate sale of the Project;
- (b) C2 Ventures is not acquiring a legal or beneficial interest in the Project; and
- (c) Robinson & Associates will be the sole registered owner of the Project.

### **Communication with investors**

11. By a letter dated August 8, 2007, the Respondents assured [REDACTED], [REDACTED] & [REDACTED] and Ronald Phillips, the president of [REDACTED]:
  - (a) that upon completion of the Project they will receive their principal investment and still be eligible for proportionate share of net profit realized from the sale of the Project; and
  - (b) that C2 Ventures raised approximately \$1.3 million which is being used to complete the Project.
12. Between October 22, 2008 to May 21, 2009 Dobson sent three e-mails to investors assuring them that the investment is safe, secured and that investors co-owned the Project.
13. C2 Ventures informed investors by a letter dated December 2009 that the Project has failed, investors did not co-own the Project, and their investments were not secured.

### **Contraventions of registration and prospectus requirements in sections 27 & 58 of the Act**

14. In carrying out the activities outlined in paragraphs 4 to 8 above, the Respondents engaged in the business of trading in securities in Saskatchewan.
15. In carrying out the activities outlined in paragraphs 6 to 8 above, the Respondents made a distribution of securities in Saskatchewan.
16. The Respondents were not registered to trade or advise in securities in Saskatchewan, and they have therefore contravened the registration requirement in section 27 of the Act.
17. The Director has not issued a receipt for a prospectus for the securities of C2 Ventures, and the Respondents have therefore contravened the prospectus requirement in section 58 of the Act.
18. The Respondents have not filed reports pursuant to section 6.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) claiming any of the exemptions in NI 45-106.

### **Misleading and untrue statements**

19. The Letter sent out by C2 Ventures assured investors that:

- (a) the Project has the potential to realize above average returns while being fully secured by the safest investment vehicle which is real estate;
  - (b) investment will be fully secured and registered on title; and
  - (c) investment will be secured by way of a Joint Venture Agreement.
20. The statements made by the Respondents as set out in paragraph 19 above were misleading and untrue, in that:
- (a) the investment was not secured by the real estate Project;
  - (b) C2 Ventures' interest or the investors' interest was not registered on title as stated in the Letter;
  - (c) the interest of the investors was not secured in the 2<sup>nd</sup> JVA; and
  - (d) when the Project failed in December 2009 investors' interests were not secured on title.
21. The 1<sup>st</sup>JVA executed between C2 Ventures and each investor provided that:
- (a) C2 Ventures shall jointly purchase and, or own a share of the Project with Robinson & Associates;
  - (b) C2 Ventures shall jointly and collectively pool funds of investors together to acquire and, or own an interest in the Project with Robinson & Associates; and
  - (c) C2 Ventures and Robinson & Associates will be the registered owners of the Project.
22. The statements made by the Respondents set out in paragraph 21 above were misleading and untrue, in that:
- (a) C2 Ventures did not jointly purchase and, or own a share of the Project with Robinson & Associates;
  - (b) Robinson & Associates was the sole registered owner of the Project; and
  - (c) C2 Ventures had no secured interest in the Project.
23. In three electronic mails from October 22, 2008 to May 21, 2009 sent to investors, Dobson assured investors that the investment was safe, secured and that investors co-owned the Project. The statement is untrue in that when the Project failed in December 2009 investors did not co-own the Project.

24. In carrying out the activities outlined in paragraphs 19 to 23 above, the Respondents contravened subsection 55.11(1) of the Act because they knew or reasonably ought to have known that the statements:
- (a) were misleading or untrue in a material respect at the time and in light of the circumstances under which they were made, or;
  - (b) did not state a fact required to be stated or that is necessary to make the statements not misleading in a material respect at the time and in light of the circumstances under which they were made; and
  - (c) would reasonably be expected to have a significant effect on the value of securities of C2 Ventures.

AND TAKE FURTHER NOTICE THAT if the Respondents or their representative fail to participate in the teleconference on Wednesday, December 14, 2011 at 1:30 pm, a date for the hearing will be set in their absence.

AND TAKE FURTHER NOTICE THAT the Respondents may be represented by counsel at the hearing and may make representations and lead evidence;

AND TAKE FURTHER NOTICE THAT subsections 9(3.1) and (3.2) of the Act require the Respondents to give a written response to this Notice admitting or denying each of the allegations herein, such response to be addressed to the Secretary of the Commission, 601 – 1919 Saskatchewan Drive, Regina, Saskatchewan, S4P 4H2, at least five business days before the date set for the hearing. Pursuant to subsection 9(3.3) of the Act Respondents who do not file a written response within the prescribed time may be referred to pay the costs of the hearing;

AND FURTHER TAKE NOTICE THAT upon failure of the Respondents to attend at the hearing, the hearing may proceed in their absence and no further notice of the proceeding will be given to them.

DATED at Regina, Saskatchewan, on November 24, 2011

*“Barbara Shourounis”*

Barbara Shourounis  
Director

**Note:** The Respondents may obtain documentary evidence to be used at the hearing at the Commission's office, 601 – 1919 Saskatchewan Drive, Regina, Saskatchewan, prior to the date of the hearing by appointment with the Deputy Director, Legal/Registration Branch whose telephone number is (306) 787-5879.

Local Policy Statement 12-602 *Procedure on Hearings and Reviews Before the Commission* sets out information on the procedures for this hearing. Local Policy Statement 12-602 can be found on the Commission's website at [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca).