FCAA
Financial and
Consumer
Affairs Authority

Suite 601
1919 Saskatchewan Drive
Regina, SK
Canada S4P 4H2

In the Matter of
The Securities Act, 1988

and

In the Matter of

Relative Resources Ltd.,
Dwight Campbell, and
Sean Kirkpatrick

Notice of First Appearance

To: Relative Resources Ltd.
Dwight Campbell
Sean Kirkpatrick

TAKE NOTICE THAT you or a representative are to attend before a Panel of the Financial and Consumers Affairs Authority of Saskatchewan (the Authority) via teleconference on June 19, 2014 at 9:30 a.m. (CST) to set a date for a hearing into the matters alleged in the Statement of Allegations file by Staff of the Authority, dated May 1, 2014, and attached hereto.

The teleconference number is: [redacted]
Pass code: [redacted]

TAKE NOTICE that you are entitled to be represented by legal counsel and to make representations on the return date;

AND FURTHER TAKE NOTICE that if you do not attend at the time and place as aforesaid, the conference call will proceed in your absence and the Panel of the Authority may set hearing dates in the above matter without further notice to you;

DATED at Regina, Saskatchewan on May 23, 2014.

Pat Murray
Secretary to the Authority

For Service On:
Relative Resources Ltd.
[redacted]

And For Service On:
Dwight Campbell
[redacted]

And For Service On:
Sean Kirkpatrick
[redacted]

Note: Saskatchewan Policy Statement 12-602 *Procedure on Hearings and Reviews* (SP 12-602) sets out information on the procedures for this hearing. SP 12-602 can be found on the Authority's website at www.fcaa.gov.sk.ca.

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STATEMENT OF ALLEGATIONS OF STAFF OF THE FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

To: **Relative Resources Ltd.**
Dwight Campbell
Sean Kirkpatrick

Staff of the Financial and Consumer Affairs Authority of Saskatchewan (FCAA Staff) make the following allegations:

The Respondents

1. The Respondent, Relative Resources Ltd. (RRL) is a business corporation incorporated pursuant to the laws of the Province of Manitoba, with a registered office in Virden, Manitoba. RRL's stated business is in the crude petroleum and natural gas industry.

2. The Respondent, Dwight Campbell (Campbell), is a resident of Calgary, Alberta. At all material times, Campbell was an officer and director of RRL. Campbell currently holds 33.3% of the voting shares of RRL.

3. The Respondent, Sean Kirkpatrick (Kirkpatrick), is a resident of Sinclair, Manitoba. At all material times, Kirkpatrick was an officer and director of RRL.

4. At all material times Campbell and Kirkpatrick acted as agents for RRL.

Contraventions of section 27 and 58 of *The Securities Act, 1988* (the Act) Prior to National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103)

5. From in or around August 2008 to in or around September 2009, Campbell, Kirkpatrick

and RRL (collectively, the Respondents) traded in securities in Saskatchewan, the details of which include, but are not limited to, the following:

a. From in or around August 2008 to in or around September 2009, the Respondents entered into Joint Venture Agreements (the First Agreements) with approximately 6 persons or companies resident in Saskatchewan (Investor 1, Investor 2, Investor 3, Investor 4, Investor 5 and Investor 6, collectively, the First Investors),

b. Pursuant to the First Agreements, each of the First Investors paid the following amounts and received the following in return:

   i. Investor 1 paid a total of $362,500 to the Respondents and received a total of forty-six, 1% working interests in various specified lands proposed to be explored and drilled by RRL;

   ii. Investor 2 paid a total of $37,500 to the Respondents and received a total of six, 1% working interests in various specified lands proposed to be explored and drilled by RRL;

   iii. Investor 3 paid a total of $87,500 to the Respondents and received a total of ten, 1% working interests in various specified lands proposed to be explored and drilled by RRL;

   iv. Investor 4 paid a total of $25,000 to the Respondents and received a total of four, 1% working interests in various specified lands proposed to be explored and drilled by RRL;

   v. Investor 5 paid a total of $37,500 to the Respondents and received a total of six, 1% working interests in various specified lands proposed to be explored and drilled by RRL; and

   vi. Investor 6 paid $25,000 to the Respondents and received a 4% working interest in specified lands proposed to be explored and drilled by RRL, and

c. The First Agreements provided, *inter alia*, as follows:

   i. RRL would use the funds invested by the First Investors to develop specified lands;

   ii. The First Investors were to receive payments from the net proceeds from the production of any petroleum substances on the lands invested in. The sum of such payments was to be determined in accordance with their working interests purchased; and

   iii. Such payments were to continue until each of the First Investors received their initial investment back, at which time RRL would retain 0.5% per 2% interest bought by each of the First Investors, leaving such investors with a 1.5% interest for every 2% interest purchased.

6. On or about March 30, 2011, the Respondents filed a Form 45-106F1 *Report of Exempt Distribution* (RRL's Filing).

7. In RRL's Filing, the Respondents stated that the above-mentioned trades engaged in by them with Investor 1, Investor 2, Investor 3, Investor 4 and Investor 5 were exempt from the prospectus requirement under the Act, pursuant to the accredited investor exemption contained in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106).

8. None of Investor 1, Investor 2, Investor 3, Investor 4 or Investor 5 fell within the definition of "accredited investor" contained in NI 45-106, as claimed by the Respondents.

9. In RRL's Filing, the Respondents stated that the trade engaged in by them with Investor 6 was exempt from the prospectus requirement under the Act, pursuant to the close personal friend exemption contained in clause 2.5(1)(d) of NI 45-106.

10. Investor 6 is a corporate entity that did not fall within the stated category of close personal friend, as defined in NI 45-106 and claimed by the Respondents.

11. No other exemptions from the prospectus requirement in relation to the trades with the First Investors were claimed by the Respondents in RRL's Filing, and no other report pursuant to section 6.1 of NI 45-106 claiming any exemption for the trades with the First Investors was filed by the Respondents.

12. As set out in paragraphs 6 to 11, above, the Respondents did not properly claim exemptions from the prospectus requirement in relation to the trades with the First Investors.

13. The First Agreements were securities that had not previously been issued, and as such, when the Respondents traded in these securities with the First Investors, they made distributions.

14. No preliminary prospectus relating to the distributions of the First Agreements was filed, and no receipts were issued for the same. No prospectus relating to the distributions of the First Agreements was filed and no receipts were issued for the same. The Respondents did not properly claim any of the exemptions from the prospectus requirement in relation to the distribution of the First Agreements, and therefore, the Respondents contravened subsection 58(1) of the Act.

15. None of the Respondents has ever been registered as a "dealer", pursuant to the Act.

16. As set out in paragraphs 5 to 15, above, from in or around August 2008 to in or around September 2009, the Respondents traded in securities in Saskatchewan with the First Investors while not registered to do so. Therefore, the Respondents have contravened clause 27(1)(a) of the Act, as was applicable at the relevant time.

Contraventions of section 27 and 58 of the Act Subsequent to NI 31-103

17. From in or around 2010 to in or around 2012, the Respondents engaged in the business of trading in securities in Saskatchewan, the details of which include, but are not limited to, the following:

    a. From in or around 2010 to in or around 2012, the Respondents entered into Joint Venture Agreements (the Later Agreements) with the following parties:

        i. Investor 1, Investor 2 and Investor 3, referenced at paragraph 5, above; and

        ii. Investor 7, Investor 8, Investor 9, Investor 10, Investor 11, Investor 12, Investor 13, Investor 14, Investor 15, Investor 16, Investor 17 and Investor 18;

    (collectively, the Later Investors).

    b. Pursuant to the Later Agreements, each of the Later Investors paid the following amounts and received the following in return:

        i. Investor 1 paid a total of $225,000 to the Respondents and received a total of twelve, 1% working interests in various specified lands proposed to be explored and drilled by RRL;

        ii. Investor 2 paid $6,250 to the Respondents and received a 1% working interest in specified lands proposed to be explored and drilled by RRL;

        iii. Investor 3 paid $6,250 to the Respondents and received a 1% working interest in specified lands proposed to be explored and drilled by RRL;

        iv. Investor 7 paid $37,500 to the Respondents and received a 2% working interest in specified lands proposed to be explored and drilled by RRL;

        v. Investor 8 paid $37,500 to the Respondents and received a 2% working interest in specified lands proposed to be explored and drilled by RRL;

        vi. Investor 9 paid $37,500 to the Respondents and received a 2% working interest in specified lands proposed to be explored and drilled by RRL;

        vii. Investor 10 paid $37,500 to the Respondents and received a 2% working interest in specified lands proposed to be explored and drilled by RRL;

        viii. Investor 11 paid $37,500 to the Respondents and received a 2% working interest in specified lands proposed to be explored and drilled by RRL;

        ix. Investor 12 paid $18,750 to the Respondents and received a 1% working interest in specified lands proposed to be explored and drilled by RRL;

        x. Investor 13 paid $37,500 to the Respondents and received a 2% working interest in specified lands proposed to be explored and drilled by RRL;

xi. Investor 14 paid $150,000 to the Respondents and received a 8% working interest in specified lands proposed to be explored and drilled by RRL;

xii. Investor 15 paid a total of $75,000 to the Respondents and received a total of four, 1% working interests in various lands proposed to be explored and drilled by RRL;

xiii. Investor 16 paid $18,750 to the Respondents and received a 1% working interest in specified lands proposed to be explored and drilled by RRL;

xiv. Investor 17 paid $25,000 to the Respondents and received a 4% working interest in specified lands proposed to be explored and drilled by RRL; and

xv. Investor 18 paid $12,500 to the Respondents and received a 2% working interest in specified lands proposed to be explored and drilled by RRL, and

c. The Later Agreements provided, *inter alia*, as follows:

i. RRL would use the funds invested by the Later Investors to develop specified lands;

ii. The Later Investors were to receive payments from the net proceeds from the production of any petroleum substances on the lands invested in. The sum of such payments was to be determined in accordance with their working interests purchased; and

iii. Such payments were to continue until each of the Later Investors received their initial investment back, at which time RRL would retain 0.5% per 2% interest bought by each of the Later Investors, leaving such investors with a 1.5% interest for every 2% interest purchased.

18. None of the Respondents has ever been registered as a "dealer", pursuant to the Act.

19. As set out in paragraphs 17 to 18, above, from in or around 2010 to in or around 2012, the Respondents engaged in the business of trading in securities in Saskatchewan while not registered to do so, contrary to clause 27(2)(a) of the Act.

20. In RRL's Filing, the Respondents stated that the above-mentioned trades engaged in by them with Investor 1, Investor 10 and Investor 11 were exempt from the prospectus requirement under the Act, pursuant to the accredited investor exemption contained in section 2.3 NI 45-106.

21. None of Investor 1, Investor 10 or Investor 11 fell within the definition of "accredited investor" contained in NI 45-106, as claimed by the Respondents

22. In RRL's Filing, the Respondents admitted that there was no exemption available for the trade engaged in by them with Investor 13. RRL later returned Investor 13's funds.

23. The trades engaged in with Investor 2, Investor 3, Investor 17and Investor 18, referred to in paragraph 17, above, are not included in RRL's Filing.

24. No other exemptions from the prospectus requirement in relation to the trades with in the Later Agreements with Investor 1, Investor 10, Investor 11, Investor 13, Investor 17 or Investor 18 were claimed by the Respondents in RRL's Filing, and no other report pursuant to section 6.1 of NI 45-106 claiming any exemption for the trades with these investors was filed by the Respondents.

25. As set out in paragraphs 20 to 24, above, the Respondents did not properly claim exemptions from the prospectus requirement in relation to the trades with Investor 1, Investor 2, Investor 3, Investor 10, Investor 11, Investor 13, Investor 17 or Investor 18.

26. The Later Agreements were securities that had not previously been issued, and as such, when the Respondents traded in these securities with the Later Investors, they made distributions.

27. No preliminary prospectus relating to the distributions of the Later Agreements was filed, and no receipts were issued for the same. No prospectus relating to the distributions of the Later Agreements was filed and no receipts were issued for the same. The Respondents did not properly claim any of the exemptions from the prospectus requirement in relation to the distribution of the Later Agreements to Investor 1, Investor 10, Investor 11, Investor 13, Investor 17 or Investor 18, and therefore, the Respondents contravened subsection 58(1) of the Act.

Contraventions of section 55.13 of the Act

28. In filing RRL's Filing, the Respondents made statements and provided information in a record required to be filed pursuant to the Act or the regulations that, in a material respect and at the time and in light of the circumstances, were false and misleading, contrary to clause 55.13(1)(c) of the Act.

Relief Sought

29. Based on the above, FCAA Staff ask the hearing panel to consider whether it is in the public interest to make the following orders:

    a. Pursuant to clause 134(1)(a) of the Act, all of the exemptions in Saskatchewan securities laws do not apply to the Respondents;

    b. Pursuant to clause 134(1)(b) of the Act, trading shall cease respecting any securities of Relative Resources Ltd.;

    c. Pursuant to clause 134(1)(d) of the Act, the Respondents shall cease trading in any securities or exchange contracts in Saskatchewan;

    d. Pursuant to clause 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities for and on behalf of residents of Saskatchewan;

    e. Pursuant to clause 134(1)(h)(i) of the act, Campbell and Kirkpatrick shall resign

any position that each holds as director or officer of any issuer, registrant or investment fund manager;

f. Pursuant to clause 134(1)(h)(ii) of the Act, Campbell and Kirkpatrick shall be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

g. Pursuant to clause 134(1)(h)(iii) of the Act, Campbell and Kirkpatrick shall not be employed by any issuer, registrant or investment fund manager in any capacity that would allow him to trade or advise in securities;

h. Pursuant to clause 134(1)(h.1) of the Act, Campbell and Kirkpatrick are prohibited from becoming or acting as a registrant, an investment fund manager or a promoter;

i. Pursuant to section 135.1 of the Act, the Respondents shall pay an administrative penalty to the Authority, in the amount of $75,000.00;

j. Pursuant to section 135.6 of the Act, the Respondents shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of the Respondent's contraventions of the Act, in amounts to be determined; and

k. Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to the hearing in this matter.

DATED at Regina, Saskatchewan, this 1 day of May, 2014.

Dean Murrison
Director,
Securities Division