



Saskatchewan
Financial Services
Commission

Securities Division

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

and

In the Matter of
Landbankers International MX, S.A. De C.V
Kelly Friesen
Sonja McAdam

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE SASKATHCEWAN FINANCIAL SERVICES COMMISSION**

To: **Landbankers International MX, S.A. De C.V**
Kelly Friesen
Sonja McAdam

Staff of the Saskatchewan Financial Services Commission (Staff of SFSC) make the following allegations:

The Parties

1. Landbankers International MX, S.A. De C.V (Lankbankers) is a Mexican corporation with its head office in Puerto Vallarta, Mexico. In the period from 2004 to 2007 Landbankers held itself out on its Web site as a highly profitable, fast growing land banking company.
2. Kelly Friesen (Friesen):
 - (a) is formerly a resident of Warman, Saskatchewan;
 - (b) now resides in Puerto Vallarta, Mexico; and
 - (c) was Landbanker's principal agent who sold Landbankers securities to Saskatchewan residents.
3. Sonja McAdam (McAdam):
 - (a) is formerly a resident of Christopher Lake, Saskatchewan;
 - (b) is believed to now reside in Calgary, Alberta;
 - (c) worked with Friesen to sell Landbankers securities to Saskatchewan residents.

Landbankers, Friesen and McAdam are collectively referred to as the Respondents

Contraventions of section 27 and 58 of the Act

4. Between March 2004 and December 2007, the Respondents traded in Landbankers securities to Saskatchewan residents, particulars of which include, but are not limited to, the following:
 - (a) Investor 1 of Saskatchewan purchased Landbankers securities in March 2004 for a total of \$50,000;
 - (b) Investor 2 of Saskatchewan purchased Landbankers securities in November 2005 for a total of \$1,300;
 - (c) Investor 3 of Saskatchewan purchased Landbankers securities in February 2006 for a total of \$2,000;
 - (d) Investor 4 of Saskatchewan purchased Landbankers securities in March 2006 for a total of \$4,500;
 - (e) Investor 5 of Saskatchewan purchased Landbankers securities in February 2007 for a total of \$2,000;
 - (f) Investor 6 of Saskatchewan purchased Landbankers securities in February 2007 for a total of \$3,000;
 - (g) Investor 7 of Saskatchewan purchased Landbankers securities in April 2007 for a total of \$30,000;
 - (h) Investor 8 of Saskatchewan purchased Landbankers securities in April 2007 for a total of \$20,000;
 - (i) Investor 9 of Saskatchewan purchased Landbankers securities in April 2007 for a total of \$10,000;
 - (j) Investor 10 of Saskatchewan purchased Landbankers securities in April 2007 for a total of \$14,000;
 - (k) Investor 11 of Saskatchewan purchased Landbankers securities in May 2007 for a total of \$10,000;
 - (l) Investor 12 of Saskatchewan purchased Landbankers securities in June 2007 for a total of \$3,000;
 - (m) Investor 13 of Saskatchewan purchased Landbankers securities June, September and November 2007 for a total of \$52,500;

- (n) Investor 14 of Saskatchewan purchased Landbankers securities in October 2007 for a total of \$6,000;
 - (o) Investor 15 of Saskatchewan purchased Landbankers securities in November 2007 for a total of \$100,000;
 - (p) Investor 16 of Saskatchewan purchased Landbankers securities in December 2007 for a total of \$5,000; and
 - (q) Investor 17 of Saskatchewan purchased Landbankers securities in December 2007 for a total of \$50,000.
5. In carrying out the activities outlined in paragraph 4, the Respondents engaged in the business of trading and advising in securities in Saskatchewan.
 6. The Respondents have never been registered to trade or advise in securities in Saskatchewan, and they therefore contravened the registration requirements in section 27 of the Act.
 7. In carrying the activities outlined in paragraph 4, Landbankers made a distribution of its securities in Saskatchewan.
 8. The Director has never issued a receipt for a prospectus for the securities of Landbankers, and Landbankers therefore contravened the prospectus requirement in section 58 of the Act.
 9. The Respondents have not filed reports pursuant to section 6.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* claiming any of the exemptions in National Instrument 45-106.

Contravention of section 44 of the Act

10. Friesen made the following statements when trading Landbankers securities:
 - (a) In a presentation recorded on DVD and given to several investors Friesen represented that Landbankers expected to go public in 2008 and that the value of Landbankers securities will go up and up;
 - (b) In an e-mail sent in October 2007 to many investors Friesen represented that Landbankers securities are currently selling for 5 pesos each but that they will trade at \$24.70 per share the minute that Landbankers goes public and is listed on the Mexican Bolsa.
11. In making the statements set out in paragraph 10 above, Friesen represented to investors, with the intention of effecting a trade in Landbankers securities, that the securities would be listed on an exchange and have a certain future value, and he there contravened the

provisions of section 44 of the Act.

Contraventions of section 55.14 of the Act

12. On November 26, 2007 the Director of the Commission's Securities Division (the Director) issued an order pursuant to section 134 of the Act that the exemptions in Saskatchewan securities laws do not apply to Friesen or Landbankers and that Friesen and Landbankers cease trading in all securities and exchange contracts up to and including December 11, 2007 (the November 26, 2007 Order).
13. On December 11, 2008 the Director extended the November 26, 2007 Order until the Director is provided with satisfactory information.
14. The November 26, 2007 Order remains in force.
15. In December 2007 Landbankers and Friesen traded Landbankers securities to Investor 16 and Investor 17 as set out in clauses 4(p) and 4(q), thereby contravening the November 26, 2007 Order and section 55.14 of the Act.

Based on the above allegations, Staff of the SFSC will ask the hearing panel to consider whether it is in the public interest to make any of the following orders against the Respondents:

- (a) pursuant to clause 134(1)(a) of *The Securities Act, 1988* (the Act) that the exemptions under Saskatchewan securities laws do not apply to the Respondents;
- (b) pursuant to clause 134(1)(d) of the Act that the Respondents cease trading in any securities or exchange contracts;
- (c) pursuant to clause 134(1)(d.1) of the Act that the Respondents cease acquiring securities or exchange contracts;
- (d) pursuant to clause 134(1)(e) of the Act that the Respondents cease giving advice regarding securities;
- (e) pursuant to clause 134(1)(h) of the Act Kelly Friesen and Sonia McAdam:
 - (i) resign any position they hold as a director or officer of an issuer, registrant or 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; and

- (f) pursuant to clause 134(1)(h.1) of the Act that Kelly Friesen and Sonia McAdam be prohibited from becoming or acting as a registrant, an investment fund manager or a promoter;
- (g) pursuant to section 135.1 of the Act that the Respondents pay an administrative penalty of up to \$100,000;
- (h) pursuant to section 135.6 of the Act that the Respondents pay financial compensation of up to \$100,000 to each person who or company that has suffered a financial loss caused by the Respondents' contravention of or failure to comply with Saskatchewan securities laws;
- (i) pursuant to section 161 of the Act that the Respondents pay the costs of or relating to the hearing.

DATED at Regina, Saskatchewan, on April 25, 2012



Barbara L. Shourounis
Director, Securities Division