

IN THE MATTER OF  
THE SECURITIES ACT  
PARAGRAPH 20(2)(f)  
AND  
IN THE MATTER OF  
FARMSOURCE MANAGEMENT INC.  
FARMERS TRUST FUND OF CANADA  
AND  
FARMSOURCE MANAGEMENT CHARITABLE TRUST

PURPOSE OF HEARING

This Hearing was convened on December 13, 1984, for the purpose of considering whether it was in the public interest that Farmsource Management Inc., Farmers Trust Fund of Canada and Farmsource Management Charitable Trust should be denied the exemption for non-profit organizations contained in The Securities Act at Paragraph 20(2)(f) with respect to the distribution of securities referred to in Farmsource promotional material, as "Agribonds". The issues which were set out in the Notice of Hearing concerned the legal status of Farmsource Management Inc., Farmers Trust Fund of Canada and Farmsource Management Charitable Trust and whether or not any of these entities fall within the definition of a company organized exclusively for charitable purposes and not for profit.

FACTS AND EVIDENCE

During the Hearing the Commission staff presented evidence concerning the activities of the Farmsource group of companies and copies of promotional material distributed by Farmsource Management Inc. detailing the objectives, the benefits of membership for farmers and a description of the securities being offered. Evidence was presented which indicated investments were being accepted on the understanding that Agribonds would eventually be issued.

Mr. Timothy S. Quinlan, counsel to Farmsource et al submitted a package of material and pointed out that the objects of Farmsource Management Charitable Trust were to raise funds for the sole purpose of providing financial assistance to farmers in financial need. Other documentation was submitted showing that Farmsource Management Charitable Trust had applied to Revenue Canada Taxation for registration as a charity under the Income Tax Act. Mr. Quinlan and the president of Farmsource Management Inc. et al, Mr. James Couselan described the operations and activities of the Farmsource group of companies and also asked the Commission for its opinion concerning the statutory exemption for non-profit companies.

ORDER

It is the opinion of the Commission that neither Farmsource Management Inc., Farmers Trust Fund of Canada nor Farmsource Management  
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Charitable Trust meet the requirements of the definition of a charitable

organization because profits enure to the security holders on a priority basis based on length of membership. Further, the distribution of promotional material, and the soliciting investments constitute "trading" as defined by Section 2 of the Act.

Now therefore pursuant to Section 151 of The Securities Act the Commission hereby orders that all trading in securities of Farmsource Management Inc., Farmers Trust Fund of Canada and Farmsource Management Charitable Trust shall cease until such time as both a preliminary prospectus and a prospectus in respect of an offering of securities of Farmsource Management Inc., Farmers Trust Fund of Canada and Farmsource Management Charitable Trust has been filed with the Commission and receipts therefor obtained from the Registrar.

It is also ordered that the monies collected on the understanding that Agribonds would eventually be issued, shall be placed in a trust fund under the control of an independent trustee. Farmsource Management Inc., Farmers Trust Fund of Canada and Farmsource Management Charitable Trust shall refrain from dealing with the funds except as provided for by this Order.

Farmsource Management Inc., Farmers Trust Fund of Canada and Farmsource Management Charitable Trust shall provide the Commission with an accounting of all monies collected and disbursed and shall offer to all contributors a full refund of all contributions. Further,

all contributors will be provided with a copy of this Order at the time they are offered a refund.

Mr. James Couselan and Mr. Ted Yashcheshen shall provide the Commission with a Statutory Declaration that the terms of this Order have been complied with by February 28, 1985, at which time the balance remaining (if any) in the trust fund shall be returned to Farmsource et al.

DATED AT THE CITY OF REGINA,  
IN THE PROVINCE OF SASKATCHEWAN,  
THIS 8th DAY OF JANUARY, A.D.,  
1985.



W. G. JOHNSON, CHAIRMAN  
SASKATCHEWAN SECURITIES COMMISSION

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