

**In the Matter of  
*The Securities Act, 1988***

**and**

**In the Matter of**

**EDNA KEEP**

**and**

**3D REAL ESTATE INVESTMENTS LTD.**

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

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

**The Respondents**

1. The Respondent, Edna Keep, (the Respondent) is an individual resident in [REDACTED], Saskatchewan. From on or about October 22, 2010 to on or about December 31, 2015 the Respondent was registered in Saskatchewan as a dealing representative for Pinnacle Wealth Brokers Inc. (Pinnacle), a registered exempt market dealer.
2. The Respondent corporation, 3D Real Estate Investments Ltd. was a business corporation incorporated on September 20, 2007 pursuant to the laws of the Province of Saskatchewan with a registered office at [REDACTED] Saskatchewan. At all material times, Edna Keep was the President of 3D Real Estate Investments Inc. and the directing mind.

## **PART I – Investors 1 and 2:**

**Alleged Contraventions of subsection 27 (2) (a) and (b) *The Securities Act, 1988* (the Act);**

**Alleged Contraventions of subsection 44(2) of the Act;**

**Alleged Contraventions of subsection 55.11(1) of the Act**

**Alleged Contraventions of subsection 58(1) of the Act**

**Alleged Contraventions of section 6.1 of National Instrument 45-106  
*Prospectus Exemptions* (N.I. 45-106)**

**2221 Robinson Street, Regina, Saskatchewan**

3. In or around October of 2013 Investors 1 and 2 were introduced to Edna Keep and an investment opportunity by their dealer representative, MH, who worked at Investor Group Financial Services Inc. The opportunity involved the pooling of money to jointly purchase and operate with herself and her alleged partner, the Respondent, a rental apartment building located at 2221 Robinson Street in Regina, Saskatchewan (2221 Robinson).
4. The details of these activities include, but are not limited to, the following:
  - a. Investors 1 and 2 were told by their dealer representative, MH, that the Respondent was a “real estate expert” and her partner. Investors 1 and 2 came to believe that the Respondent worked at the same member firm as the dealer representative, MH, but she did not and Investors 1 and 2 were never told otherwise either by MH or the Respondent. The Respondent was described by MH as someone who could provide Investors 1 and 2 with an acceptable real estate investment in order to diversify their investment portfolio;
  - b. In the fall of 2013, Investors 1 and 2 were provided with marketing materials that advertised an investment in 2221 Robinson on behalf of the Respondent and the Respondent corporation, 3D Real Estate Investments Ltd. The marketing materials advertised details with respect to a proposed joint venture agreement. The joint venture agreement was marketed as a profitable investment scheme and featured the Respondent’s company as the sponsor of the scheme, 3D Real Estate Investments Ltd. Investors 1 and 2 believed that this was a safe and trustworthy investment scheme;
  - c. On or about October 09, 2013 Investors 1 and 2 signed the 2221 Robinson Joint Venture Agreement with respect to their participation in the purchase and operation of 2221 Robinson. Four other investors as well as the Respondent corporation, 3D Real Estate Investments Ltd. and MH’s company, H&H Real Estate Investments Ltd participated in the 2221 Robinson Joint Venture Agreement.

- d. Investors 1 and 2 contributed a total of \$100,000 in exchange for what they thought was a 10% ownership in 2221 Robinson but instead it was a 10% ownership of the 2221 Robinson Joint Venture Agreement but the Respondents did not make this clear to Investors 1 and 2. Investors 1 and 2 funded this investment by means of a home equity loan (HELOC loan) arranged through their bank.
- e. Neither the Respondents, nor her company, 3D Real Estate Investments Ltd., contributed any funds toward the 2221 Robinson Joint Venture Agreement. However, the Respondent assigned 3D Real Estate Investment Ltd. a 57.50% interest in the joint venture agreement. MH and her company were assigned a 12.5% interest in the joint venture agreement in spite of a zero financial contribution towards the investment scheme. Clause 3.01 of the 2221 Robinson Joint Venture Agreement set out the management duties that the Respondent and 3D Real Estate Investments Ltd. would assume in connection to the investment contract.
- f. On or about October 13, 2013 two more investors, a married couple, were added to the 2221 Robinson Joint Venture Agreement with the consideration of a further \$100,000 in total. 3D Real Estate Investment Ltd. conceded 10% of its interest in the 2221 Robinson Joint Venture Agreement to the two new investors.
- g. Title to 2221 Robinson was held by 101270256 Saskatchewan Ltd. This corporation was incorporated on November 25, 2014. The Respondent and MH are listed as directors of 101270256 Saskatchewan Ltd. and the other investors in the 2221 Robinson Joint Venture Agreement are listed as shareholders.
- h. Clause 3.07(f) of the 2221 Robinson Joint Venture Agreement stated that no funds were to be paid until the end of the first year of the five year term, at which time the shareholders shall each received the sum of \$400 per month. Investors 1 and 2 understood that they would receive a return of their principal at the end of the 5<sup>th</sup> year of the term of the 2221 Robinson Joint Venture Agreement which was to occur pursuant to clause 3.07 (f) on October 09, 2018.
- i. From October of 2014 to September of 2018 Investors 1 and 2 received quarterly repayments pursuant to the 2221 Robinson Joint Venture Agreement for a total of \$17,600. Investors 1 and 2 received no further payments.
- j. On December 31, 2014 the Respondent, operating as 101270256 Saskatchewan Ltd. and in conjunction with MH, granted a mortgage on 2221 Robinson to Computershare Trust Company of Canada, in consideration for \$1,677,673.45. Investors 1 and 2 knew about this mortgage and gave their assent to it.
- k. On August 25, 2015 the Respondent, operating as 101270256 Saskatchewan Ltd., and acting as a sole signatory, granted a mortgage on 2221 Robinson to Olympia Trust Company, in the name of George Furneaux of [REDACTED], Alberta in consideration for \$130,000. Investors 1 and 2 knew about this mortgage and gave their assent to it.
- l. On February 18, 2016 the Respondent, operating as 101270256 Saskatchewan Ltd., and acting as a sole signatory, granted a mortgage on 2221 Robinson to Bruce Crawford of [REDACTED], Alberta in consideration for \$150,000 contrary to clause 6.01 of the Robinson Joint Venture Agreement. Investors 1 and 2 neither knew about this mortgage nor gave their assent to it.

- m. On December 07, 2019 the Respondent, operating as 101270256 Saskatchewan Ltd., and acting as a sole signatory, granted a mortgage on 2221 Robinson to Bruce Crawford of [REDACTED], Alberta in consideration for \$210,000 contrary to clause 6.01 of the Robinson Joint Venture Agreement. Investors 1 and 2 neither knew about this mortgage nor gave their assent to it.
  - n. On October 09, 2018 Investors 1 and 2 did not receive their principal investment amount (\$100,000) in the 2221 Robinson Joint Venture Agreement.
  - o. The Respondents did not file a preliminary prospectus or prospectus with the FCAA relating to the distribution of any interest in the 2221 Robinson Joint Venture Agreement investment contract, and no receipts have been issued by the Executive Director of the FCAA's Securities Division.
  - p. The Respondents did not file any Form 45-106 F1 (Report of Exempt Distribution) with the FCAA after the distribution of the interest in the 2221 Robinson Joint Venture Agreement investment contract insofar as the Respondents' claim that any exemption from the requirements in subsection 58(1) of the Act were available to them.
5. At no time did Pinnacle Wealth approve the sale of the 2221 Robinson Joint Venture Agreement investment contract for sale by its representatives.
  6. Throughout the relevant time, Pinnacle Wealth was not aware of the above-noted sales of the security interests in the 2221 Robinson Joint Venture Agreement on the part of its representative.
  7. When the Respondent carried out the acts indicated in paragraph 4 above, she was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by subsection 27(2)(a)(i) of the Act, nor was she registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(a) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.
  8. When the Respondents carried out the acts indicated in paragraph 4(b) above, by supplying Investors 1 and 2 with marketing materials with the intention of effecting a trade in a security, the Respondents gave written undertakings relating to the future value of the security, to wit, the 2221 Robinson Joint Venture Agreement in contravention of subsection 44(2) of the Act.
  9. When the Respondent carried out the act indicated in paragraph 4(l) and 4(m) above, she withheld a material fact that was required to be stated and that was necessary to be stated in order to not materially mislead the investors in the financial state of the 2221 Robinson Joint Venture Agreement. The omission of this information would reasonably have been expected to have a significant effect on the value of the security in question, to wit, the 2221 Robinson Joint Venture Agreement investment contract. In so doing, the Respondent was therefore in contravention of subsection 55.11(1)(a)(ii) of the Act.
  10. When the Respondents carried out the acts indicated in paragraph 4 above, the Respondents traded in a security on their own behalf or on behalf of another person or company where the trade was a distribution of the security without filing a preliminary prospectus relating to the

distribution of the security with the FCAA and without receiving a receipt for the preliminary prospectus in contravention of subsection 58(1) of the Act.

11. When the Respondents carried out the acts indicated in paragraph 4 above, and insofar as the Respondents are able to prove the availability of exemptions from the requirement of subsection 58(1) of the Act, the Respondents contravened section 6.1 of National Instrument 45-106.

## **27 Vaughn Street, Regina, Saskatchewan**

12. In or around December 21, 2013, MH forwarded the Respondent's email to Investors 1 and 2 inviting them to a Christmas Party to hear the Respondent speak about a new business venture. Investors 1 and 2 attended this party and heard the Respondent speak for the first time with respect to a new investment opportunity involving 27 Vaughn Street in Regina, Saskatchewan ("27 Vaughn"). The concept was similar to the previous investment in 2221 Robinson in the sense that a Joint Venture Agreement formed the basis of the investment contract.
13. Investors 1 and 2 were also provided with marketing material that advertised an investment in 27 Vaughn on behalf of the Respondent and the Respondent's corporation, 3D Real Estate Investments Ltd. The marketing materials advertised details with respect to the proposed joint venture agreement. The joint venture agreement was marketed as a profitable investment scheme and featured the Respondent's company as the sponsor of the scheme, 3D Real Estate Investments Ltd. Investors 1 and 2 believed that this was a safe and trustworthy investment scheme;
14. On August 26, 2014 Investor 1 became a client of Pinnacle Wealth following the oral and written recommendations of the Respondent. On February 19, 2015 Investor 2 became a client of Pinnacle Wealth under the representation of the Respondent.
15. The details of these activities include, but are not limited to, the following:
  - a. On or about February 27, 2015 Investors 1 and 2 signed the 27 Vaughn Joint Venture Agreement. Four other investors as well as the Respondent's company, 3D Real Estate Investments Ltd. and MH's company, H&H Real Estate Investments Ltd participated in the 27 Vaughn Joint Venture Agreement.
  - b. In consideration of the 27 Vaughn Joint Venture Agreement, Investors 1 and 2 contributed a total of \$100,000 in exchange for what they thought was a 5.714% ownership in 27 Vaughn but instead it was a 5.714% interest in the Vaughn Joint Venture Agreement but the Respondent did not make this clear to Investors 1 and 2. Investors 1 and 2 funded this investment by means of another home equity loan (HELOC loan) arranged through their bank.
  - a. Neither the Respondent, nor her company, 3D Real Estate Investments Ltd., contributed any funds toward the 27 Vaughn Joint Venture Agreement. However, the Respondent assigned 3D Real Estate Investment Ltd. a 58.93% interest in the 27 Vaughan Joint Venture Agreement. The Respondent assigned MH and her company a 12.5% interest in the 27 Vaughan Joint Venture Agreement in spite of a zero financial contribution. Clause 3.01 of the 27 Vaughn Joint Venture Agreement set out the management duties that the Respondent and 3D Real Estate Investments Ltd. would assume in connection to the investment contract.

- b. On or about August 26, 2015 four more investors were added to the 27 Vaughn Joint Venture Agreement with the consideration of a further \$100,000, in total, from three of the four new participants. 3D Real Estate Investment Ltd. conceded 20% of its interest in the 27 Vaughn Joint Venture Agreement divided amongst the new investors.
  - c. Title to 27 Vaughn was held by 101290286 Saskatchewan Ltd. This corporation was incorporated on October 7, 2015. The Respondent and MH are listed as directors of 101290286 Saskatchewan Ltd. and the other investors in the Vaughn Joint Venture Agreement are listed as shareholders.
  - d. Clause 3.07(f) of the 27 Vaughn Joint Venture Agreement stated that no funds were to be paid until the end of the first year of the five year term, at which time the shareholders shall each received the sum of \$400 to \$700 per month. Investors 1 and 2 were promised the return of their principal between five years and seven years after the commencement of the agreement, however the term of the agreement was to be from May 27, 2014 to May 26, 2019, as per clause F in the Recital to the 27 Vaughn Joint Venture Agreement.
  - e. Investors 1 and 2 one received monthly payment of funds with respect to the 27 Vaughn Joint Venture Agreement in the amount of \$3,157 in August of 2015. Further, commencing in October of 2017, Investors 1 and 2 received several cash calls from the Respondent. Investors 1 and 2 were surprised by the cash calls and asked to look at the accountant's books for the 27 Vaughn Joint Venture Agreement. Investors 1 and 2 questioned the Respondent with respect to the specific amounts of the cash calls.
  - f. The Respondents did not file a preliminary prospectus or prospectus with the FCAA relating to the distribution of any shares in the interests of the 27 Vaughn Joint Venture Agreement, and no receipts have been issued by the Executive Director of the FCAA's Securities Division.
  - g. The Respondents did not file any Form 45-106 F1 Reports (Reports of Exempt Distribution) with the FCAA after the distribution of interests in the 27 Vaughn Joint Venture Agreement insofar as the Respondents claim that any exemptions from the requirements in subsection 58(1) were available to them.
16. At no time did Pinnacle Wealth approve the sale of the Vaughn Joint Venture Agreement for sale by its representatives.
17. Throughout the relevant time, Pinnacle Wealth was not aware of the above-noted sales of the interests in the joint venture agreement in 27 Vaughn Street on the part of its representative.
18. When the Respondents carried out the acts indicated in paragraph 15 above, she was acting as an adviser in Saskatchewan but was neither registered as an adviser, as required by subsection 27(2)(b)(i) of the Act, nor was she registered as a representative of a registered adviser and acting on behalf of that registered adviser, as required by clause 27(2)(b)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(b) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.

19. When the Respondents carried out the acts indicated in paragraph 15 above, she was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by subsection 27(2)(a)(i) of the Act, nor was she registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(a) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.
20. When the Respondent carried out the acts indicated in paragraph 15 above, with the intention of effecting a trade in a security, the Respondent gave a written and oral undertakings relating to the future value of the security, to wit, the Vaughn Joint Venture Agreement in contravention of subsection 44(2) of the Act.
21. When the Respondents carried out the acts indicated in paragraph 15 above, the Respondents traded in a security on their own behalf or on behalf of another person or company where the trade was a distribution of the security without filing a preliminary prospectus relating to the distribution of the security with the FCAA and without receiving a receipt for the preliminary prospectus in contravention of subsection 58(1) of the Act.
22. When the Respondents carried out the acts indicated in paragraph 15 above, and insofar as the Respondents are able to prove the availability of exemptions from the requirements of subsection 58(1) of the Act, the Respondents contravened section 6.1 of National Instrument 45-106.

## **PART II – Investor 3**

### **Alleged Contraventions of subsection 27 (2) (a) and (b) *The Securities Act, 1988* (the Act);**

### **Alleged Contraventions of subsection 44(2) of the Act;**

### **Alleged Contraventions of subsection 55(1)(b) of the Act;**

### **Alleged Contraventions of subsection 55.11(1) of the Act**

23. Investor 3 is an elderly widow who was a frail and vulnerable individual with little or no investment knowledge. Investor 3 had been a homemaker all her life and had recently lost her husband, a person she had relied upon her entire married life to make all financial decisions. Investor 3 was looking for profitable investments to supplement her income and that of her disabled mother. In 2015, Investor 3 attended a financial seminar presented by the Respondent at the Hotel Saskatchewan in the city of Regina and began to consult the Respondent in financial matters.
24. Investor 3 was left a large sum of money at the passing of her husband and during the entire

engagement with the Respondent, the Respondent never once recommended or insisted that Investor 3 seek independent legal advice with respect to the sale of securities that comprises the totality of the allegations below.

### **Hillcrest Apartments, 412 Avenue B North, Saskatoon, Saskatchewan**

25. The details of these activities include, but are not limited to, the following:
- a. In the spring of 2016 Investor 3 received marketing material from the Respondent with respect to an investment in the Hillcrest Apartments at 412 Avenue B. North in the city of Saskatoon. The marketing materials advertised an initial investment of \$165,000 in return for a 10.154% ownership of the property. The marketing material also advertised a principal repayment of \$1,980 per month paid quarterly. The marketing materials advertised there would be a full payment of the principal in less than six years. After repayment of the principal, the Respondent believed that her monthly cash flow would reduce to \$1,000 monthly and that she would still maintain a 10.154% ownership in the property. The marketing material featured the Respondent's company as the sponsor of the scheme, 3D Real Estate Investments Ltd. The Respondent made the same oral recommendations to Investor 3 as were provided in the marketing material.
  - b. On April 4, 2016, and upon the advice of the Respondent, Investor 3 was contractually added to the Hillcrest Joint Venture Agreement that had been previously created on October 26, 2015. Investor 3 paid the Respondent and her company 3D Real Estate Investments Ltd. \$52,502 for a 3.23% interest in the Hillcrest Joint Venture Agreement pursuant to clause G of the recitals to the agreement. Further to this agreement, Investor 3 paid a further \$82,498 in funds to a third party to the agreement and received a 5.077% interest in the Hillcrest Joint Venture Agreement pursuant to clause D of the recitals to the agreement. In total, Investor 3 paid \$135,000 towards this investment and received an 8.3% interest in the Hillcrest Joint Venture Agreement under the understanding, as advised by the Respondent, that she would receive monthly returns of \$1,200 for five to seven years, after which she would receive the return of her principal in total. Investor 3 also believed, at the advice of the Respondent, that she would receive residual income of \$1,000 monthly as the result of her ownership of this building for the rest of her life. For the purposes of this agreement Investor 3 was represented by her holding company, 101101158 Saskatchewan Ltd.
  - c. 101287398 Saskatchewan Ltd. was incorporated on August 20, 2015. This corporation was incorporated as a holding company for the purposes of the Hillcrest Joint Venture Agreement. The Respondent is listed as a shareholder and holds 235 shares in the Hillcrest Joint Venture Agreement and Investor 3 is listed as a shareholder who holds 83 shares in the Hillcrest Joint Venture Agreement. Clause B to the October 15, 2015 Hillcrest Joint Venture Agreement states that title to the Lands is to be in the name of 101287398 Saskatchewan Ltd. as trustee on behalf of the Joint Venture.
  - d. Investor 3 has received no returns on this investment to date.
26. When the Respondent carried out the acts indicated in paragraph 25 above, she was acting as an adviser in Saskatchewan but was neither registered as an adviser, as required by subsection 27(2)(b)(i) of the Act, nor was she registered as a representative of a registered adviser and acting on behalf of that registered adviser, as required by clause 27(2)(b)(ii) of the Act. In so doing, the



Respondent was therefore in contravention of subsection 27(2)(b) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.

27. When the Respondent carried out the acts indicated in paragraph 25 above, she was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by subsection 27(2)(a)(i) of the Act, nor was she registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(a) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.
28. When the Respondents carried out the acts indicated in paragraph 25 above, with the intention of effecting a trade in a security, the Respondents gave a written and oral undertakings relating to the future value of the security, to wit, the Hillcrest Joint Venture Agreement in contravention of subsection 44(2) of the Act.
29. When the Respondent carried out the acts indicated in paragraph 25 above, she was materially misleading Investor 3 into believing she would obtain a 10% ownership of the Hillcrest property and in fact, Investor 3 received a 10% share ownership in the Hillcrest Joint Venture Agreement. This material misstatement was misleading and untrue in the light of the circumstances of which it was made in contravention of subsection 55.11(1) of the Act.

### **Sherbrooke Apartments, Winnipeg, Manitoba**

30. The details of these activities include, but are not limited to, the following:
  - a. In the spring of 2016 Investor 3 received marketing material from the Respondent with respect to an investment opportunity in the Sherbrooke Apartments in Winnipeg, Manitoba. The marketing materials advertised, and the Respondent advised Investor 3, that an initial investment of \$400,000 would result in a 50% ownership of the property. The marketing material also advertised a principal repayment of \$1,200 per month on a quarterly basis. The marketing material did not feature the Respondent's company as the sponsor of the scheme, 3D Real Estate Investments Ltd., however the Respondent made the same oral recommendations to Investor 3 as were provided in the marketing material and the Respondent was the instigating party that recommended Investor 3 participate in this joint venture.
  - b. In March of 2016, Investor 3 signed a letter of commitment with the Respondent with respect to the Sherbrooke Apartment Joint Venture. At this time, Investor 3 signed away her right to independent legal advice but Investor 3 implicitly trusted the Respondent and was not advised to obtain independent legal advice.
  - c. In June of 2016, and upon the advice of the Respondent, Investor 3 signed the Sherbrooke Joint Venture Agreement but she never received a final signed copy of the agreement. The three parties to the Sherbrooke Joint Venture Agreement were:
    - 1) the Respondent and her husband by virtue of their numbered company, 101111931

Saskatchewan Ltd;

2) Imagine Investments Ltd. (“Imagine”) and the principals John and Cornelius Krahn;  
and

3) Investor 3 in the name of her holding company, 101111931 Saskatchewan Ltd..

7303387 Manitoba Ltd. was created to hold the title of the Sherbrooke properties. In return for an investment of \$400,000, Investor 3 received a 50% interest in 7303387 Manitoba Ltd. and 120 Class E Non-Voting Shares. The other two parties to the joint venture agreement committed no cash to the project, yet received a 25 % interest in 7303387 Manitoba Ltd. and 60 Class A Voting Shares, each. Clause 3.01 of the Sherbrooke Joint Venture Agreement noted that the management of the day to day functions of the property would be assumed by Imagine.

- d. The Sunova Credit Union provided the financing for the purchase of the real estate. Investor 3 signed a personal guarantee in relation to the mortgage.
  - e. Investor 3 has been left fiscally responsible for the financing in connection with the Sherbrooke Joint Venture Agreement. Investor 3 has received several demand letters from the legal counsel of the Sunova Credit Union which demand the return of a \$1.698M mortgage on the property.
  - f. Investor 3 had received a total of \$24,000 in payments from Imagine Investments Ltd. pursuant to the Sherbrooke Joint Venture Agreement, however these payments ceased at the end of 2018. Investor 3 has incurred legal expenses in connection with this matter.
31. When the Respondent carried out the acts indicated in paragraph 32 above, she was acting as an adviser in Saskatchewan but was neither registered as an adviser, as required by subsection 27(2)(b)(i) of the Act, nor was she registered as a representative of a registered adviser and acting on behalf of that registered adviser, as required by clause 27(2)(b)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(b) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.
32. When the Respondent carried out the acts indicated in paragraph 32 above, she was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by subsection 27(2)(a)(i) of the Act, nor was she registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(a) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.
33. When the Respondent carried out the acts indicated in paragraph 32 above, with the intention of effecting a trade in a security, the Respondent gave a written and oral undertakings relating to the future value of the security, to wit, the Sherbrooke Joint Venture Agreement in contravention of subsection 44(2) of the Act.

34. When the Respondent carried out the acts indicated in paragraphs 32 above, the Respondent was directly and indirectly engaging in or participating in a course of action relating to the sale of securities in connection to the Sherbrooke Joint Venture Agreement that the Respondent reasonably ought to have known perpetrated a fraud on Investor 3 in contravention of s.55.1 of the Act.
35. When the Respondent carried out the acts indicated in paragraph 32 above, she was materially misleading Investor 3 into believing she would obtain a 50% ownership of the Sherbrooke Apartments and Duplex property when, in fact, Investor 3 received a 50% non-voting share ownership in the Sherbrooke Joint Venture Agreement. This material misstatement was misleading and untrue in the light of the circumstances of which it was made in contravention of subsection 55.11(1) of the Act.

### **5 Vaughn Street, Regina, Saskatchewan**

36. The details of these activities include, but are not limited to, the following:
  - a. In 2016 Investor 3 received marketing material from the Respondent with respect to an investment in the 5 Vaughn Street Apartments in Regina, Saskatchewan. The marketing materials advertised details with respect to the investment and the Respondent's company, 3D Real Estate Investments Ltd., was featured prominently on the materials. Upon the advice of the Respondent, Investor 3 agreed to invest in the project. The Respondent was of the belief that this investment property would bring her \$800 a month in income and a percentage ownership in the title of the property.

Investor 3 signed the 5 Vaughn Joint Venture Agreement on May 31, 2017. Investor 3 received a 36.6% interest in the 5 Vaughn Joint Venture Agreement in return for a \$305,000 investment. The Respondent received a 9.15% interest in the 5 Vaughn Joint Venture Agreement on behalf of her company 101111931 Sask. Ltd. There were two other parties to the 5 Vaughn Joint Venture Agreement. Clause 3.01 of the 5 Vaughn Joint Venture Agreement noted that the management of the day to day functions of the property would be assumed by Watt.
  - b. Investor 3 has received no payments in connection with the 5 Vaughn Joint Venture Agreement.
37. When the Respondent carried out the acts indicated in paragraph 36 above, she was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by subsection 27(2)(a)(i) of the Act, nor was she registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(a) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.
38. When the Respondent carried out the acts indicated in paragraph 36 above, she was acting as an adviser in Saskatchewan but was neither registered as an adviser, as required by subsection 27(2)(b)(i) of the Act, nor was she registered as a representative of a registered adviser and acting on behalf of that registered adviser, as required by clause 27(2)(b)(ii) of the Act. In so doing, the

Respondent was therefore in contravention of subsection 27(2)(b) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.

### Promissory Notes

39. Throughout 2016 the Respondent and Tamco Homes (2013) Ltd., a company with which the Respondent and her husband were directors, personally borrowed significant funds and issued promissory notes from Investor 3 as follows:

	Date	Borrower	Amount	Interest Rate	Term	Monthly Payments
1.	March 15, 2016	3D Real Estate Investments Ltd.	\$100,000	6% per annum	12-24 month term	\$500
2.	March 15, 2016	Tamco Homes	\$75,000	8% per annum	8 to 12 month term	\$500
3.	September 20, 2016	3D Real Estate Investments Ltd.	\$110,000	6% per annum	15 year amortization	\$928.24
4.	September 20, 2016	3D Real Estate Investments Ltd.	\$85,000	6% per annum	10 year amortization	\$934.67
5.	November 2016	3D Real Estate Investments Ltd.	\$25,000	6% per annum	12-24 month term	\$483.32
6.	November 29, 2016	Tamco Homes	\$50,000	6% per annum	5 year amortization	\$966.64
		<b>Total:</b>	<b>\$445,000</b>			

36. Promissory Notes numbered 1, 2 and 5 in the above table were promissory notes that had a *maximum* 24 month term. The Respondent did not pay the principal back to Investor 3 as she had guaranteed in these three Promissory Notes when they came due. The Respondent was still paying Investor 3 payments on the promissory notes until April 9, 2020 when the Respondent ceased her payments altogether.
37. When the Respondent carried out the acts indicated in paragraph 39 above, she was acting as an adviser in Saskatchewan but was neither registered as an adviser, as required by subsection 27(2)(b)(i) of the Act, nor was she registered as a representative of a registered adviser and acting on behalf of that registered adviser, as required by clause 27(2)(b)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(b) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the material time.
38. When the Respondent carried out the acts indicated in paragraph 39 above, she was acting as a dealer in Saskatchewan but was neither registered as a dealer, as required by subsection 27(2)(a)(i) of the Act, nor was she registered as a representative of a registered dealer and acting on behalf of that registered dealer, as required by clause 27(2)(a)(ii) of the Act. In so doing, the Respondent was therefore in contravention of subsection 27(2)(a) of the Act. In so doing, the Respondent was also in contravention of the provisions of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations during the

material time.

39. When the Respondent carried out the acts indicated in paragraphs 39 above, during the same time period as advising the Respondent to invest heavily in several joint venture agreements, the Respondent was directly and indirectly engaging in or participating in a course of action relating to the sale of securities, that the Respondent reasonably ought to have known perpetrated a fraud on Investor 3 in contravention of s.55.1 of the Act.

### **Relief Sought**

40. Based on the above, Staff of FCAA ask the hearing panel to consider whether it is in the public interest to make the following orders:
- a. Pursuant to subsection 134(1)(a) of the Act, all exemptions in Saskatchewan securities laws do not apply to the Respondents, permanently.
  - b. Pursuant to subsection 134(1)(d) of the Act, the Respondent shall cease trading in securities or derivatives in Saskatchewan permanently;
  - c. Pursuant to subsection 134(1)(d.1) of the Act, the Respondent shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan permanently;
  - d. Pursuant to subsection 134(1)(e) of the Act, the Respondent shall cease giving advice respecting securities, trades or derivatives in Saskatchewan permanently;
  - e. Pursuant to subsection 134(1)(h) of the Act, the Respondent shall not be employed by any issuer, registrant or investment fund manager in any capacity that would allow him to trade in securities or derivatives in Saskatchewan permanently;
  - f. Pursuant to subsection 134(1)(h.1) of the Act, the Respondent is prohibited from becoming or acting as a registrant, and investment fund manager or a promoter permanently;
  - g. Pursuant to section 135.1 of the Act, the Respondent shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan, in the amount of \$100,000.00;
  - h. Pursuant to section 135.6 of the Act, the Respondent 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 Saskatchewan securities laws, in amounts to be determined; and
  - i. Pursuant to section 161 of the Act, the Respondent shall pay the costs of or relating to a hearing in this matter.

DATED at Regina, Saskatchewan, this 15<sup>th</sup> day of July, 2021.

“Dean Murrison”

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Dean Murrison  
Executive Director,  
Securities Division  
Financial and Consumer Affairs Authority of  
Saskatchewan