

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

and

**In the Matter of
Kevin Kelly Krause**

Order

WHEREAS Kevin Kelly Krause (Krause) and the Director of the Securities Division (the Director) of Financial and Consumer Affairs Authority of Saskatchewan (the Authority) have entered into a settlement agreement dated March 4, 2015 (the Settlement Agreement), the original of which is attached hereto as Appendix "A";

AND WHEREAS pursuant to the terms of the Settlement Agreement, Krause and the Director consented to the issuance of an Order by the Authority ordering that:

1. Pursuant to clause 134(1)(a) of the Act, any and all exemptions in Saskatchewan securities laws do not apply to Krause;
2. Pursuant to clause 134(1)(d) of the Act, Krause shall cease trading in securities or exchange contracts;
3. Pursuant to clause 134(1)(e) of the Act, Krause shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan;
4. Pursuant to clause 134(1)(h)(i) of the Act, Krause shall resign any position he holds as a director or officer of an issuer, a registrant or an investment fund manager;
5. Pursuant to clause 134(1)(h)(ii) of the Act, Krause is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
6. Pursuant to clause 134(1)(h)(iii) of the Act, Krause shall not be employed by any issuer, registrant or investment fund manager in a capacity that would entitle him to trade or advise in securities; and
7. Pursuant to clause 134(1)(h.1) of the Act, Krause is prohibited from becoming or

acting as a registrant, and investment fund manager or a promoter.

AND WHEREAS the Director has consented to amend the Settlement Agreement, to provide consent for the issuance of an order by the Authority ordering that:

1. Pursuant to clause 134(1)(a) of the Act, any and all exemptions in Saskatchewan securities laws do not apply to Krause for a period of five years from the date hereof;
2. Pursuant to clause 134(1)(d) of the Act, Krause shall cease trading in securities or exchange contracts for a period of five years from the date hereof;
3. Pursuant to clause 134(1)(e) of the Act, Krause shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan for a period of five years from the date hereof;
4. Pursuant to clause 134(1)(h)(i) of the Act, Krause shall resign any position he holds as a director or officer of an issuer, a registrant or an investment fund manager;
5. Pursuant to clause 134(1)(h)(ii) of the Act, Krause is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of five years from the date hereof;
6. Pursuant to clause 134(1)(h)(iii) of the Act, Krause shall not be employed by any issuer, registrant or investment fund manager in a capacity that would entitle him to trade or advise in securities for a period of five years from the date hereof; and
7. Pursuant to clause 134(1)(h.1) of the Act, Krause is prohibited from becoming or acting as a registrant, and investment fund manager or a promoter for a period of five years from the date hereof.

AND WHEREAS the Authority has approved the Settlement Agreement, subject to the amendments set out directly above;

AND WHEREAS, pursuant to section 135.3 of the Act, proceedings may be disposed by an agreement approved by the Authority, without the necessity of a hearing;

AND WHEREAS Krause has waived his rights to a hearing in this matter as well as his right to any appeal with respect to this matter;

AND WHEREAS the Authority is of the opinion that it is in the public interest to make this Order;


NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. Pursuant to clause 134(1)(a) of the Act, any and all exemptions in Saskatchewan securities laws do not apply to Krause for a period of five years from the date

hereof;

2. Pursuant to clause 134(1)(d) of the Act, Krause shall cease trading in securities or exchange contracts for a period of five years from the date hereof;
3. Pursuant to clause 134(1)(e) of the Act, Krause shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan for a period of five years from the date hereof;
4. Pursuant to clause 134(1)(h)(i) of the Act, Krause shall resign any position he holds as a director or officer of an issuer, a registrant or an investment fund manager;
5. Pursuant to clause 134(1)(h)(ii) of the Act, Krause is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of five years from the date hereof;
6. Pursuant to clause 134(1)(h)(iii) of the Act, Krause shall not be employed by any issuer, registrant or investment fund manager in a capacity that would entitle him to trade or advise in securities for a period of five years from the date hereof; and
7. Pursuant to clause 134(1)(h.1) of the Act, Krause is prohibited from becoming or acting as a registrant, and investment fund manager or a promoter for a period of five years from the date hereof.

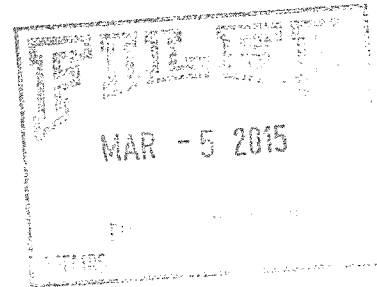
DATED at Regina, Saskatchewan on April 9, 2015.


Mary Ann McFadyen
Chairperson of the Hearing Panel
Financial and Consumer Affairs Authority
of Saskatchewan

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

and

**In the Matter of
Kevin Kelly Krause**



SETTLEMENT AGREEMENT

WHEREAS the Director of the Securities Division (the Director) of Financial and Consumer Affairs Authority of Saskatchewan (the Authority) issued a Statement of Allegations of Staff of the Authority, dated November 28, 2013 (the Statement of Allegations), with the Authority, in which it was alleged that Kevin Kelly Krause (Krause) engaged in specified activities that were contrary to the public interest and in contravention of *The Securities Act, 1988* (the Act);

AND WHEREAS Krause and the Director desire to dispose of the allegations against Krause, as contained in the Statement of Allegations, by way of agreement, as permitted by section 135.3 of the Act;

AND WHEREAS Krause and the Director acknowledge that this Settlement Agreement is subject to the approval of the Authority and, if approved by the Authority, will be published on the Authority's website;

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, Krause and the Director hereby agree as follows:

1. The following facts are hereby admitted by Krause:
 - (a) Krause is a resident of Saskatoon, Saskatchewan, and was a resident of Saskatoon, Saskatchewan at all material times.
 - (b) At various times in 2009, 2010 and 2011, Krause maintained the following websites: www.odadsite.info, www.privatefxclub.info, www.private-fxclub.com and www.onlinedreams-inv.com (collectively, the Websites).
 - (c) On the Websites, Krause sought investments from members of the public, indicating that he managed private investment pools that used automated robots to earn income for investors.

- (d) Krause stated that he would show investors how they can see single to double digit monthly returns through the use of his “recession proof” solution.
- (e) On one of the Websites, beside a logo with the badge “Multi Market Performance Guarantee”, Krause indicated that one of the robots he used had seen returns of 330.20% in the first 91 days of 2009, 623.84% in 2008, 612.91% in 2007, 333.05% in 2006, 810.70% in 2005 and 677.67% in 2004. Krause obtained these numbers from a publicly accessible website, not created or maintained by him.
- (f) Between April 2009 and March 2011, through the Websites, Krause raised approximately \$150,000 from approximately 135 investors (the Investors), residing in various countries.
- (g) Each of the Investors entered into an agreement (each, an Investment Agreement) with Krause, pursuant to which they would provide investment funds to Krause for the purpose of pooling these funds with the funds of other of the Investors, which pooled funds would be invested in foreign exchange.
- (h) Each of the Investors expected to share in the profit earned through Krause’s efforts in investing the pooled funds.
- (i) When making their investments, the Investors chose which automated robot they wanted to utilize. Krause then pooled each of the Investors’ funds with the funds of every other of the Investors who chose the same automated robot.
- (j) Krause used the automated robots to trade the pooled funds in foreign exchange. All investors who had funds invested and chose a particular automated robot were to share in the gains and losses achieved by that robot.
- (k) Krause received membership or processing fees from the Investors when they entered into their Investment Agreements.
- (l) Between in or around November 2009 and in or around January 2011, Investor A, a resident of Saskatchewan, invested approximately \$35.00 in an Investment Agreement with Krause.
- (m) Investor A also invested an additional \$500.00 with Krause, pursuant to a profit-sharing agreement (the Profit-Sharing Agreement). Krause advised Investor A that he was collecting funds from a group of investors, in order that this group could obtain a 45% stake in an online brokerage website being set up by another individual. Krause advised Investor A that if she invested funds into this project, she would be entitled to a share in the profit generated by it.
- (n) The individual in charge of setting up the online brokerage website did not honor Investor A’s investment.
- (o) Investor A has received no returns on the Profit Sharing Agreement, nor has she received any refund of her principal amount invested.

- (p) Each of the Investment Agreements was an investment contract, and as such, was a “security” as defined by the Act.
 - (q) The Profit-Sharing Agreement was also a “security” as defined by the Act.
 - (r) In carrying out the acts outlined above, Krause engaged in the business of advising others as to the investing in securities.
 - (s) Krause has never been registered as an “adviser” pursuant to the Act, and therefore, contravened clause 27(1)(c) and clause 27(2)(b) of the Act (as was in force at the relevant time).
 - (t) In carrying out the acts outlined above, Krause engaged in the business of trading in securities in Saskatchewan.
 - (u) Krause has never been registered as a “dealer” pursuant to the Act, and therefore, contravened clause 27(1)(a) and clause 27(2)(a) of the Act (as was in force at the relevant time).
 - (v) The trades engaged in by Krause related to securities that had not previously been issued, and as such, related to distributions under the Act.
 - (w) No preliminary prospectus relating to the distribution of the securities was filed with the Authority and no receipts were issued by the Director for the same.
 - (x) No prospectus relating to the distribution of the securities was filed with the Authority and no receipts were issued by the Director for the same.
 - (y) Krause contravened subsection 58(1) of the Act.
 - (z) Krause did not file any 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.
 - (aa) There were no exemptions available for the distributions made by Krause.
 - (bb) In carrying on the activities outlined above, Krause had the power to direct and exercised the responsibility of directing the affairs of a non-redeemable investment fund, therefore, acted as an investment fund manager.
 - (cc) Krause has never been registered as an “investment fund manager” pursuant to the Act, and therefore, contravened clause 27(1)(c) of the Act (as was in force at the relevant time).
2. Krause hereby agrees that all of the facts set out in paragraph 1, above, are true, and that there are no material facts relating to this matter that are not set out in said paragraph.
 3. Krause represents that he has no desire to become or act as a director or officer of any

issuer, registrant or investment fund manager or to be employed by any issuer, registrant or investment fund manager in a capacity that would entitle him to trade or advise in securities. Krause represents that he does not wish to deal in or advise on securities or exchange contracts in the future.

4. Krause hereby waives his right to a hearing in this matters as well as his right to any appeal with respect to this matter.
5. Krause hereby consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 6, below.
6. Krause and the Director hereby consent to the issuance of an order by the Authority, in substantially the form attached hereto as Appendix "A", ordering that:
 - (a) Pursuant to clause 134(1)(a) of the Act, any and all exemptions in Saskatchewan securities laws do not apply to Krause;
 - (b) Pursuant to clause 134(1)(d) of the Act, Krause shall cease trading in securities or exchange contracts;
 - (c) Pursuant to clause 134(1)(e) of the Act, Krause shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan;
 - (d) Pursuant to clause 134(1)(h)(i) of the Act, Krause shall resign any position he holds as a director or officer of an issuer, a registrant or an investment fund manager;
 - (e) Pursuant to clause 134(1)(h)(ii) of the Act, Krause is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
 - (f) Pursuant to clause 134(1)(h)(iii) of the Act, Krause shall not be employed by any issuer, registrant or investment fund manager in a capacity that would entitle him to trade or advise in securities; and
 - (g) Pursuant to clause 134(1)(h.1) of the Act, Krause is prohibited from becoming or acting as a registrant, and investment fund manager or a promoter.
7. Based upon the facts contained herein, the Director hereby agrees that the sanctions set out in paragraph 6, above, are the only sanctions the Director will seek to have the Authority impose upon Krause with respect to the matters set out in the Statement of Allegations, provided that nothing shall prohibit the Director from considering or dealing with any new matter not set out in the Statement of Allegations or any new complaint brought to the Director's attention against Krause.
8. Nothing in this Settlement Agreement shall prohibit any claimant from applying for financial compensation, pursuant to section 135.6 of the Act, nor shall it prohibit the Director from requesting that the Authority make an order that a claimant be paid

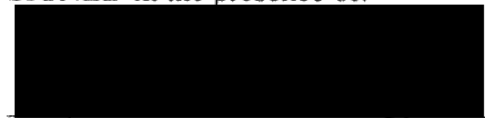
compensation for financial loss.

9. The terms of this Settlement Agreement shall be treated as confidential by Krause and the Director, and may not be disclosed to any person except with the consent of Krause and the Director, or as required by law, until such time as it is signed by all parties and approved by the Authority.
10. Krause hereby affirms that he has read and understood the terms of this Settlement Agreement, and is signing it voluntarily.
11. This Settlement Agreement may be signed in one or more counterparts and shall together constitute a binding agreement.
12. A facsimile copy of any signature shall be as effective as an original signature.
13. This Settlement Agreement shall be governed by and construed in accordance with the laws of the province of Saskatchewan.
14. Krause hereby acknowledges that he has been given a reasonable opportunity to obtain independent legal advice with respect to this Settlement Agreement, and that either:
 - (a) he has obtained such independent legal advice and is satisfied with the same, prior to executing this Settlement Agreement; or
 - (b) he has willingly chosen not to obtain such advice prior to executing this Settlement Agreement.
15. This Settlement Agreement, and any referenced appendices or amendments hereto constitutes the entire agreement between Krause and the Director in connection with the allegations set forth in the Statement of Allegations.

IN WITNESS WHEREOF

Kevin Kelly Krause, has executed this Settlement Agreement at SASKATOON
Saskatchewan, this 19 day of FEB, 2015.

SIGNED in the presence of:



Name:

)
)
)
)



Kevin Kelly Krause

The Director, has executed this Settlement Agreement at Regina, Saskatchewan, this 4 day of March, 2015.

SIGNED in the presence of:



Name: Dallas Smith

)
)
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)



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

Appendix “A”

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

and

**In the Matter of
Kevin Kelly Krause**

Order

(Pursuant to Sections 134, 135.1 and 135.3 of *The Securities Act, 1988* (the Act))

WHEREAS Kevin Kelly Krause (Krause) and the Director of the Securities Division (the Director) of Financial and Consumer Affairs Authority of Saskatchewan (the Authority) have entered into a settlement agreement dated _____, 2015 (the Settlement Agreement), the original of which is attached hereto as Appendix “A”;

AND WHEREAS an application has been received by the Authority from staff of the Authority for an order that:

1. Pursuant to clause 134(1)(a) of the Act, any and all exemptions in Saskatchewan securities laws do not apply to Krause;
2. Pursuant to clause 134(1)(d) of the Act, Krause shall cease trading in securities or exchange contracts;
3. Pursuant to clause 134(1)(e) of the Act, Krause shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan;
4. Pursuant to clause 134(1)(h)(i) of the Act, Krause shall resign any position he holds as a director or officer of an issuer, a registrant or an investment fund manager;
5. Pursuant to clause 134(1)(h)(ii) of the Act, Krause is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
6. Pursuant to clause 134(1)(h)(iii) of the Act, Krause shall not be employed by any issuer, registrant or investment fund manager in a capacity that would entitle him

to trade or advise in securities; and

7. Pursuant to clause 134(1)(h.1) of the Act, Krause is prohibited from becoming or acting as a registrant, and investment fund manager or a promoter.

AND WHEREAS, pursuant to section 135.3 of the Act, proceedings may be disposed by an agreement approved by the Authority, without the necessity of a hearing;

AND WHEREAS the Authority has approved the Settlement Agreement;

AND WHEREAS Krause has waived his rights to a hearing in this matter as well as his right to any appeal with respect to this matter, and has consented to the issuance of this Order;

AND WHEREAS the Authority is of the opinion that it is in the public interest to make this Order;

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. Pursuant to clause 134(1)(a) of the Act, any and all exemptions in Saskatchewan securities laws do not apply to Krause;
2. Pursuant to clause 134(1)(d) of the Act, Krause shall cease trading in securities or exchange contracts;
3. Pursuant to clause 134(1)(e) of the Act, Krause shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan;
4. Pursuant to clause 134(1)(h)(i) of the Act, Krause shall resign any position he holds as a director or officer of an issuer, a registrant or an investment fund manager;
5. Pursuant to clause 134(1)(h)(ii) of the Act, Krause is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
6. Pursuant to clause 134(1)(h)(iii) of the Act, Krause shall not be employed by any issuer, registrant or investment fund manager in a capacity that would entitle him to trade or advise in securities; and
7. Pursuant to clause 134(1)(h.1) of the Act, Krause is prohibited from becoming or acting as a registrant, and investment fund manager or a promoter.

DATED at Regina, Saskatchewan on _____, 2015.

Chairperson of the Hearing Panel
Financial and Consumer Affairs Authority
of Saskatchewan