



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

Nudawn Enterprises Ltd.
Ronald Jerry Fast
Danielle Fast-Carlson

NOTICE OF HEARING

To: Nudawn Enterprises Ltd.
Ronald Jerry Fast
Danielle Fast-Carlson

Take notice that you or your legal counsel are to attend before a panel of the Saskatchewan Financial Services Commission (Commission) via teleconference on Wednesday, January 19, 2011 at 9:00 a.m. to set a date for a hearing into the matters set out below.

The teleconference numbers are:



At the hearing staff of the Commission will ask the hearing panel to consider whether it is in the public interest to make any of the following orders against Nudawn Enterprises Ltd. (Nudawn), Ronald Jerry Fast (Fast), and Danielle Fast-Carlson (Fast-Carlson)(collectively the Respondents):

- (a) the exemptions under Saskatchewan securities laws pursuant to clause 134(1)(a) of *The Securities Act, 1988* (the Act) do not apply to the Respondents;
- (b) the Respondents cease trading in any securities or exchange contracts pursuant to clause 134(1)(d) of the Act;
- (c) the Respondents cease acquiring securities or exchange contracts pursuant to clause 134(1)(d.1) of the Act;
- (d) the Respondents cease giving advice pursuant to clause 134(1)(e) of the Act;

- (e) pursuant to clause 134(1)(h) of the Act Fast and Fast-Carlson:
 - (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) Fast and Fast-Carlson be prohibited from becoming or acting as a registrant, an investment fund manager or a promoter pursuant to clause 134(1)(h.1) of the Act;
- (g) the Respondents pay an administrative penalty of up to \$100,000 pursuant to section 135.1 of the Act;
- (h) 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 pursuant to section 135.6 of the Act;
- (i) the Respondents pay the costs of or relating to the hearing pursuant to section 161 of the Act.

Staff of the Commission will seek orders under the provisions of the Act set out above because of the following facts and allegations:

The Parties

1. 101059276 Saskatchewan Ltd was incorporated under the laws of the Province of Saskatchewan on July 9, 2004 and changed its name to Nudawn Enterprises Ltd. (Nudawn) on April 6, 2006,
 - (a) The registered head office of Nudawn is in Saskatoon, Saskatchewan.
 - (b) The stated business of Nudawn is to purchase real estate for rental purposes.
2. Fast resides in Saskatoon, Saskatchewan.
 - (a) He has been a director of Nudawn from March 14, 2006 to date.
 - (b) He is the directing mind of Nudawn.
3. Fast-Carlson resides in Saskatoon, Saskatchewan.
 - (a) She has been a director of Nudawn from the date of its incorporation to date.
 - (b) Together with Fast, she manages the day to day affairs of Nudawn.
 - (c) She is Fast's daughter.

Related companies

4. Marathon Leasing Corporation (Marathon) was incorporated under the laws of the Province of Saskatchewan on July 21, 1980.
 - (a) Marathon's head office was in Saskatoon, Saskatchewan.
 - (b) Marathon's stated business was leasing.
 - (c) Beginning in 1986 Fast was the sole officer and director of Marathon and the directing mind of Marathon.
 - (d) Marathon was deemed to be assigned into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) on October 8, 2008 when its proposal dated August 27, 2008 was rejected by its creditors.
 - (e) Marathon was struck from the corporate registry in December 2009.

5. Carlton Motors Ltd. (Carlton Motors) was incorporated under the laws of the Province of Saskatchewan on March 12, 1986.
 - (a) The registered head office of Carlton Motors was in Saskatoon, Saskatchewan
 - (b) Carlton Motors was in the business of automotive repair and service.
 - (c) Fast was the sole officer and director of Carlton Motors since September 1993 and was the directing mind of Carlton Motors.
 - (d) Carlton Motors was struck from the corporate registry on December 31, 2009.

6. R. J. F. Holdings Ltd. was incorporated under the laws of the Province of Saskatchewan in December 1982 and changed its name to R. J. Management Consultants Incorporated (R. J. Fast Management) in May 1987.
 - (a) The head office of R. J. Fast Management was in Saskatoon, Saskatchewan.
 - (b) The stated business of R. J. Fast Management was business consulting, accounting and management.
 - (c) Fast was the president and director of R. J. Fast Management, and he was its directing mind.
 - (d) R. J. Fast Management was struck from the corporate registry in May 2009.

12. Fast and Carlson-Fast have never been registered to trade in securities in Saskatchewan, and they have therefore contravened the registration requirement in section 27 of the Act.
13. The Respondents have not filed 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.

Misleading and untrue statements

14. Fast and Fast-Carlson made the following statements when trading Nudawn securities:

- (a) to [REDACTED] before his purchase of Nudawn securities in October 2006 that:
 - (i) his investment would be used to buy two car lots that would be rented to Marathon; and
 - (ii) he would receive a 12% return on his investment.
- (b) to [REDACTED] before his purchase of Nudawn securities in April 2007 that:
 - (i) his investment would be used to buy four car lots;
 - (ii) the two lots already owned by Nudawn were worth \$750,000;
 - (iii) his investment would be secured by a mortgage on the lots;
 - (iv) he would receive a 12% return on his investment.
- (c) to [REDACTED] before the purchase by [REDACTED] of Nudawn securities in April and May 2008 that:
 - (i) their investment would be used to buy property; and
 - (ii) their investment would pay a 12% dividend.

15. The statements made by Fast and Fast-Carlson set out in paragraph 14 above were misleading and untrue, particulars of which are as follows:

- (a) Nudawn had purchased two lots in May and September 2006, for a total \$275,815. In April 2007 the two lots were not worth \$750,000 as represented to [REDACTED] in clause 14(b) above;
- (b) Nudawn didn't purchase any more lots after 2006 except for one lot that it bought in July 2008 for \$320,000 and then sold in August 2008 for the same amount. Investors' money was instead transferred to companies related to

Nudawn as outlined in paragraph 17 below;

- (c) Instead of receiving a mortgage on real property owned by Nudawn, [REDACTED] received shares in Nudawn;
- (d) None of the investors outlined in paragraph 14 above received a 12% return on their investment.

16. Fast and Fast-Carlson contravened subsection 55.11(1) of the Act when they made the misleading and untrue statements to Nudawn investors outlined in paragraph 14 above:

- (a) knowing that the statements were misleading and untrue in a material respect at the time and in the light of the circumstances under which they were made; and
- (b) knowing that the statements would reasonably be expected to have a significant effect on the value of the Nudawn securities.

Transfers to related companies

17. During the period from June 2007 to January 2008 Nudawn transferred money to the following companies:

- (a) to Marathon the following amounts:
 - (i) \$50,000 in June 2006;
 - (ii) \$100,000 in February 2007;
 - (iii) \$100,000 in April 2007;
 - (iv) \$100,000 in July 2007; and
 - (v) \$100,000 in November 2007;
- (b) to Carlton Motors \$100,000 in September 2007
- (c) to R. J. Fast Management \$100,000 in January 2008.

AND TAKE FURTHER NOTICE THAT if the Respondents or their representative fails to participate in the teleconference on January 19, 2011 at 9:00 a.m., a date for the hearing will be set in their absence.

AND TAKE FURTHER NOTICE THAT the Respondents may be represented by counsel at the hearing and may make representations and lead evidence;

AND TAKE FURTHER NOTICE THAT subsections 9(3.1) and (3.2) of the Act require the Respondents to give a written response to this Notice admitting or denying each of the allegations herein, such response to be addressed to the Secretary of the Commission, 601 – 1919 Saskatchewan Drive, Regina, Saskatchewan, S4P 4H2, at least five business days before the date set for the hearing.

Pursuant to subsection 9(3.3) of the Act Respondents who do not file a written response within the prescribed time may pay the costs of the hearing;

AND FURTHER TAKE NOTICE THAT upon failure of the Respondents to attend at the hearing, the hearing may proceed in their absence and no further notice of the proceeding will be given to them.

DATED at Regina, Saskatchewan, on December 7, 2010.

"Barbara Shourounis"

Barbara L. Shourounis

Director

Note: The Respondents may obtain documentary evidence to be used at the hearing at the Commission's office, 601 – 1919 Saskatchewan Drive, Regina, Saskatchewan, prior to the date of the hearing by appointment with the Deputy Director, Legal/Registration Branch whose telephone number is (306) 787-5879.

Local Policy Statement 12-602 *Procedure on Hearings and Reviews Before the Commission* sets out information on the procedures for this hearing. Local Policy Statement 12-602 can be found on the Commission's website at www.sfsc.gov.sk.ca.