

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

and

**In the Matter of
PARK CAPITAL MANAGEMENT 2012 INC.
JAY ALAN BLACKMORE
and
JAMES ROBERT HARRIS**

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

Staff of the Securities Division, Financial and Consumer Affairs Authority of Saskatchewan (SD Staff) make the following allegations:

The Respondents

1. The Respondent, Park Capital Management 2012 Inc. (Park Capital), is a business corporation incorporated on July 4, 2008, pursuant to the laws of Saskatchewan with its registered office located at [REDACTED], Saskatchewan. Park Capital is registered in Saskatchewan under *The Securities Act, 1988* (the Act) as an exempt market dealer and portfolio manager. Park Capital has been registered in these categories since May 26, 2016.
2. The Respondent, Jay Alan Blackmore (Blackmore), is an individual resident in [REDACTED], Saskatchewan. Since May 26, 2016, till date, Blackmore has been registered in Saskatchewan under the Act with Park Capital as a dealing representative under the exempt market dealer category. He is the ultimate designated person for Park Capital. Since August 18, 2021, till date, Blackmore has been registered in Saskatchewan under the Act with Park Capital as an advising representative under the portfolio manager category.
3. The Respondent, James Robert Harris (Harris), is an individual resident in [REDACTED], Saskatchewan. Since October 2, 2017, till date, Harris has been registered in Saskatchewan under the Act with Park Capital as a dealing representative under the exempt market dealer category.
4. Park Capital, Blackmore, and Harris are collectively referred to as the Respondents.

CGI and the Exempt Market Investment

5. CGI Fund Equity CAD Limited Partnership (CGI Fund Equity or the Issuer) issued A-Class Limited Partnership Units (LP Units) to investors. CGI issued the LP Units using exemptions from the prospectus requirements in the Act.

6. The LP Units were securities within the meaning of the Act. They were issued to investors for investment purposes and represented an investor's interest in CGI Fund Equity.
7. Park Capital as agent of CGI Fund Equity distributed the LP Units to investors in Saskatchewan.
8. The LP Units were distributed without a prospectus filed with the Financial and Consumer Affairs Authority of Saskatchewan (the Authority) and without a receipt issued for a prospectus. The distribution therefore required a valid exemption from the prospectus requirement under the Act.
9. The LP Units had material investment risks and restrictions. Those risks and restrictions (Investment Risks and Restrictions) included but are not limited to the risk of loss, liquidity risk, resale restrictions, and restrictions on an investor's ability to redeem or otherwise exit the investment.
10. CGI Fund Capital CAD Corp. (CGI Fund Corp) issued corporate bonds (CGI Bonds) to investors. CGI fund Corp issued the LP Units using exemptions from the prospectus requirements in the Act.
11. The CGI Bonds were securities within the meaning of the Act. They were issued to investors for investment purposes and represented an investor's interest in CGI Fund Corp.
12. Park Capital distributed the CGI Bonds to investors in Saskatchewan. Park Capital also facilitated the resale of some of the CGI Bonds from the original bondholders to some investors in Saskatchewan.
13. The CGI Bonds were distributed without a prospectus filed with the Authority and without a receipt issued for a prospectus. The distribution therefore required a valid exemption from the prospectus requirement under the Act.
14. The CGI Bonds had material investment risks and restrictions. Those risks included but are not limited to risk of loss, resale restrictions and liquidity risk (Material Risks and Investment Restrictions).

█'s Investment

15. █ and █ are residents of Saskatchewan.
16. On or about October 7, 2020, █ purchased 6,500 LP Units at \$10.00 per unit, for a total investment of \$65,000 CAD. Although █ was involved in communications with the Respondents about the investment, he was not the purchaser.
17. Prior to purchase of the LP Units, the Respondents dealt with █ about the investment. The Respondents did not meet, speak with or otherwise communicate directly with █ about the investment before the purchase was completed.
18. The Respondents arranged or facilitated █'s purchase through █. They provided, or caused to be provided, investment documents for █'s purchase to █. █ then

provided the documents to [REDACTED] for her signature. The investment documents identified [REDACTED] as the investor. It appears that Harris' signature as a witness to [REDACTED]'s signature was improperly appended after [REDACTED] had signed the document.

19. The Respondents accepted and relied on documents signed by [REDACTED] without first communicating directly with her about the investment, her circumstances, her accredited investor status, or whether the investment was suitable for her.
20. The distribution of the LP Units to [REDACTED] was made in reliance on the accredited investor exemption under National Instrument 45-106 *Prospectus Exemptions* (NI 45-106).
21. The accredited investor documents for [REDACTED]'s purchase stated that [REDACTED] qualified as an accredited investor because, either alone or with a spouse, she beneficially owned financial assets having an aggregate realizable value, before taxes but net of related liabilities, exceeding \$1,000,000. At the time of her purchase, [REDACTED] did not qualify as an accredited investor.
22. The Respondents did not communicate directly with [REDACTED] before the purchase was completed to determine whether she is an accredited investor.
23. The Respondents did not explain the Investment Risks and Restrictions associated with the LP Units to [REDACTED].
24. The investment documents identified Blackmore as the salesperson for [REDACTED]'s investment. Harris participated in the transaction by qualifying [REDACTED] as an accredited investor and by communicating with [REDACTED] about the investment before and after the purchase.
25. At no time did Harris, Blackmore or any representative of Park Capital conduct a suitability assessment with [REDACTED] or explain the Investment Risks and associated with the LP Units to her.

[REDACTED]'s Investment

26. [REDACTED] is a resident of Saskatchewan.
27. On or about December 4, 2020, [REDACTED] purchased 180 CGI Bonds for a total investment amount of CAD\$18,000.
28. [REDACTED] purchased the CGI Bonds directly from CGI Fund Corp. while the investment documents identified Blackmore as the salesperson for the purchase.
29. The sale of the CGI Bonds to [REDACTED] was made in reliance on the accredited investor exemption under NI 45-106.
30. Other than advising and encouraging him to purchase the investment, at no time did Harris, Blackmore or any representative of Park Capital conduct a suitability assessment with [REDACTED] or explain the Material Risks and Investment Restrictions associated with the CGI Bonds to him.

██████████'s Investment

31. ██████████ is a resident of Saskatchewan.
32. On or about June 3, 2022, ██████████ purchased CGI Bonds for a total investment amount of CAD\$12,000.
33. The beneficial owners of the CGI Bonds were ██████████ (the Bondholders) while the investment documents identified Blackmore as the salesperson for the purchase.
34. The sale of the CGI Bonds to ██████████ was made in reliance on the accredited investor exemption under NI 45-106.
35. The accredited investor documents for ██████████'s purchase stated that she qualified as an accredited investor because, either alone or with a spouse, she owned more than \$1 million in cash and securities after subtracting any debt related to the cash and securities. At the time of her purchase, ██████████ did not qualify as an accredited investor.
36. ██████████ does not know the Bondholders. At the time of the transaction, it was not explained to ██████████ that the transaction involved the purchase of bonds through a secondary market. She thought she was buying the CGI Bonds directly from CGI Fund Corp. She has no idea who the Bondholders are or why the CGI Bonds are being purchased from them.
37. Other than advising and encouraging ██████████ to purchase the investment, at no time did Blackmore or any representative of Park Capital conduct a suitability assessment with ██████████, explain the Material Risks and Investment Restrictions associated with the CGI Bonds or advise that the CGI Bonds are being resold from the Bondholders.

██████████'s Investment

38. ██████████ is a resident of Saskatchewan.
39. On or about June 3, 2022, ██████████ purchased CGI Bonds for a total investment amount of CAD\$12,000.
40. The beneficial owner of the CGI Bonds was Margaret Blackmore while the investment documents identified Blackmore as the salesperson for the purchase.
41. The sale of the CGI Bonds to ██████████ was made in reliance on the accredited investor exemption under NI 45-106.
42. ██████████ does not know Margaret Blackmore. At the time of the transaction, it was not explained to ██████████ that the transaction involved the purchase of bonds through a secondary market. He thought he was buying the CGI Bonds directly from CGI Fund Corp. He has no idea who Margaret Blackmore is or why the bonds are being purchased from her.
43. Other than advising and encouraging ██████████ to purchase the investment, at no time did Blackmore or any representative of Park Capital conduct a suitability assessment with ██████████

explain the Material Risks and Investment Restrictions associated with the CGI Bonds or advise that the CGI Bonds are being resold from Margaret Blackmore

Investment

44. [REDACTED] is a resident of Saskatchewan.
45. On or about June 2, 2022, [REDACTED] purchased CGI Bonds for a total investment amount of CAD\$12,000.
46. The beneficial owner of the CGI Bonds was Margaret Blackmore while the investment documents identified Blackmore as the salesperson for the purchase.
47. The sale of the CGI Bonds to [REDACTED] was made in reliance on the accredited investor exemption under NI 45-106.
48. [REDACTED] does not know Margaret Blackmore. At the time of the transaction, it was not explained to [REDACTED] that the transaction involved the purchase of bonds through a secondary market. She thought she was buying directly from CGI Fund Corp. She has no idea who Margaret Blackmore is or why the bonds are being purchased from her.
49. Other than advising and encouraging [REDACTED] to purchase the investment, at no time did Blackmore or any representative of Park Capital conduct a suitability assessment on [REDACTED], explain the Material Risks and Investment Restrictions associated with the CGI Bonds or advise that the CGI Bonds are being resold from Margaret Blackmore

Investment

50. [REDACTED] is a resident of Saskatchewan.
51. On or about May 16, 2022, [REDACTED] purchased CGI Bonds for a total investment amount of CAD\$12,000.
52. The beneficial owner of the CGI Bonds was MDK Heatcoat Investments Inc. (MDK) while the investment documents identified Blackmore as the salesperson for the purchase.
53. The sale of the CGI Bonds to [REDACTED] was made in reliance on the accredited investor exemption under NI 45-106.
54. The accredited investor documents for [REDACTED]'s purchase stated that she qualified as an accredited investor because, either alone or with a spouse, she owned more than \$1 million in cash and securities after subtracting any debt related to the cash and securities. At the time of her purchase, [REDACTED] did not qualify as an accredited investor.
55. [REDACTED] does not know MDK. At the time of the transaction, it was not explained to her that the transaction involved the purchase of bonds through a secondary market. She thought she was buying directly from CGI Fund Corp. She has no idea who MDK is or why the bonds are being purchased from it.

56. Other than advising and encouraging [REDACTED] to purchase the investment, at no time did Blackmore or any representative of Park Capital conduct a suitability assessment on [REDACTED], explain the Material Risks and Investment Restrictions associated with the CGI Bonds or advise that the CGI Bonds are being resold from MDK.

No Assessment Prior to Sign off on the Investments

57. The Respondents did not assess the financial circumstances, investment needs, investment objectives, risk tolerance, investment knowledge, and ability to withstand loss of the Investors.
58. Park Capital signed off on the sale of the LP Units and CGI Bonds to the Investors.

Alleged Contraventions of subsection 33.1(1) of *The Securities Act, 1988*

59. At all material times, the Respondents were registrants. Subsection 33.1(1) of the Act required the Respondents to deal fairly, honestly, and in good faith with their clients.
60. [REDACTED] (collectively the Investors) were clients of the Respondents. The Respondents were required to deal fairly, honestly, and in good faith with them before arranging, accepting, recommending, or facilitating their purchase of the securities.
61. In carrying out the acts described in paragraphs 5-14 and 15-58 above, the Respondents failed to deal fairly, honestly, and in good faith with the Investors and thereby contravened subsection 33.1(1) of the Act.
62. In the case of [REDACTED]'s investment, the Respondents dealt with [REDACTED] rather than [REDACTED] before the purchase was completed. They then accepted and relied on documents signed by [REDACTED] without first communicating directly with her about the investment, her circumstances, her accredited investor status, or whether the investment was suitable for her. The Respondents did not explain the Investment Risks and Restrictions to her.
63. The Respondents asked [REDACTED] and [REDACTED] (Investors in CGI Bonds) to sign the signature pages of CGI Fund Corp. Purchase and Sale Agreements without explaining the nature of the investment, reviewing their circumstances, verifying their accredited investor status and explaining for some of the investors that the CGI Bonds were not being bought directly from CGI Fund Corp but instead were being resold by bondholders. The Respondents did not explain the Material Risks and Investment Restrictions associated with the CGI Bonds.

Alleged Contraventions of section 13.2 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103)

64. Section 13.2 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) requires a registrant to take reasonable steps to establish the identity of their clients and collect know your client information.

65. The Respondents being registrants were required to take reasonable steps to establish [REDACTED]'s identity, collect and assess her know your client information before recommending, accepting instructions for, or facilitating her purchase of the CGI Units.
66. In carrying out the acts described in paragraphs 11-24 above, the Respondents did not take reasonable steps to establish [REDACTED]'s identity and collect/assess her know your client information. The Respondents dealt with [REDACTED] about [REDACTED]'s investment even though [REDACTED] was not the purchaser.
67. By failing to take reasonable steps to determine [REDACTED]'s identity, her financial circumstances, investment needs, investment objectives, risk tolerance, investment knowledge or ability to withstand loss, the Respondents contravened section 13.2 of NI 31-103.

Alleged Contraventions of section 13.2.1 of NI 31-103

68. Section 13.2.1 of NI 31-103 requires Park Capital, as a registered firm, to take reasonable steps to assess, approve, and monitor the securities it made available to clients.
69. Section 13.2.1 of NI 31-103 also required Blackmore and Harris, as registered individuals, to take reasonable steps to understand the securities they purchased, sold, recommended, or otherwise made available to clients.
70. Both the CGI Units and CGI Bonds were sold in the exempt market and had material risks and restrictions, as described in paragraphs 9 and 14 above.
71. In carrying out the acts described in paragraphs 58 and 59 above, Park Capital failed to take reasonable steps to assess, approve, and monitor the LP Units and CGI Bonds before making them available to the Investors in the circumstances of their purchase and thereby contravened section 13.2.1 of NI 31-103.

Alleged Contraventions of section 13.3 of NI 31-103

72. Section 13.3 of NI 31-103 requires a registrant to take reasonable steps to ensure that the purchase of securities was suitable for a client before recommending selling or purchasing such securities for the client.
73. A suitability assessment for clients requires an assessment of their financial circumstances, investment needs, investment objectives, risk tolerance, investment knowledge, and ability to withstand loss.
74. The Respondents being registrants were required to take reasonable steps to ensure that the securities were suitable for the Investors before recommending or selling such securities to them.
75. In carrying out the acts described in paragraphs 25, 30, 37, 43, 49 and 56 above, the Respondents did not take reasonable steps to determine whether the CGI Units and CGI Bonds were suitable for the Investors before selling securities to them and thereby contravened section 13.3 of NI 31-103.

Alleged Contraventions of subsection 58(1) of the Act

76. Subsection 58(1) of the Act prohibits a person or company from trading in a security where the trade would be a distribution, unless a preliminary prospectus and prospectus have been filed with the Authority and receipts have been issued by the Director.
77. Section 2.3 of National Instrument 45-106 *Prospectus Exemption* provides a prospectus exemption for a distribution to an accredited investor.
78. The purchase of LP Units and CGI Bonds was a distribution of securities. No preliminary prospectus or prospectus was filed with the Authority for the distribution of the LP Units and CGI Bonds to the Investors, and no receipt was issued by the Director for either document.
79. The Respondents relied on the accredited investor exemption for the distribution of the LP Units and CGI Bonds.
80. [REDACTED] did not qualify as accredited investors under the category relied on for the distribution of securities to them and Respondents did not take reasonable steps to determine whether they qualified as accredited investors before relying on the accredited investor exemption.
81. In carrying out the acts described in paragraphs 15-25, 31-37 and 50-56 above, the Respondents traded in, or participated in acts in furtherance of trades in, securities without a prospectus in circumstances where the trades were distributions and thereby contravened subsection 58(1) of the Act.

Relief Sought

82. Based on the above, SD Staff ask the hearing panel to consider whether it is in the public interest to make the following orders:
 - a. Pursuant to clause 134(1)(d) of the Act, Park Capital and Blackmore shall cease trading in securities or derivatives in Saskatchewan for a period of 2 years;
 - b. Pursuant to subsection 134(1)(d.1) of the Act, Park Capital and Blackmore shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan for a period of 2 years;
 - c. Pursuant to clause 134(1)(e) of the Act, Park Capital and Blackmore shall cease giving advice respecting securities, trades, or derivatives in Saskatchewan for a period of 2 years;
 - d. Pursuant to clause 134(1)(d) of the Act, Harris shall cease trading in securities or derivatives in Saskatchewan for a period of 1 year;
 - e. Pursuant to subsection 134(1)(d.1) of the Act, Harris shall cease acquiring securities or derivatives for and on behalf of residents of Saskatchewan for a period of 1 year;

- f. Pursuant to clause 134(1)(e) of the Act, Harris shall cease giving advice respecting securities, trades, or derivatives in Saskatchewan for a period of 1 year;
- g. Pursuant to clause 134(1)(h)(iii) of the Act, Blackmore 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 for a period of 2 years;
- h. Pursuant to clause 134(1)(h)(iii) of the Act, Harris 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 for a period of 1 year;
- i. Pursuant to clause 134(1)(h.1) of the Act, Blackmore shall be prohibited from becoming or acting as a registrant, investment fund manager, or promoter for a period of 2 years;
- j. Pursuant to clause 134(1)(h.1) of the Act, Harris shall be prohibited from becoming or acting as a registrant, investment fund manager, or promoter for a period of 1 year;
- k. Pursuant to section 135.1 of the Act, Park Capital shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan in the amount of \$25,000;
- l. Pursuant to section 135.1 of the Act, Blackmore shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan in the amount of \$15,000;
- m. Pursuant to section 135.1 of the Act, Harris shall pay an administrative penalty to the Financial and Consumer Affairs Authority of Saskatchewan in the amount of \$5,000;
- n. Pursuant to section 135.6 of the Act, Park Capital, Blackmore, and Harris shall jointly and severally pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of their contraventions of Saskatchewan securities laws, in amounts to be determined; and
- o. Pursuant to section 161 of the Act, Park Capital, Blackmore, and Harris shall jointly and severally pay the costs of or relating to a hearing in this matter.

DATED at Regina, Saskatchewan, this 5 day of October, 2026.


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