Government of Saskatchewan

FCAA
Financial and Consumer Affairs Authority

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Regina, SK, Canada
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FILED
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FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

In the Matter of
***The Securities Act, 1988*, S.S. 1988, c. S-42.2**

and

In the Matter of

Ronald James Aitkens, also known as Ron Aitkens,
Legacy Communities Inc.,
Spruce Ridge Capital Inc.,
Spruce Ridge Estates Inc.,
Railside Capital Inc.,
Railside Industrial Park Inc.,
1252064 Alberta Ltd.,
1330075 Alberta Ltd.,
Harvest Capital Management Inc., and
Harvest Group GP Corporation

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

To: **Ronald James Aitkens, also known as Ron Aitkens**
Legacy Communities Inc.
Spruce Ridge Capital Inc.
Spruce Ridge Estates Inc.
Railside Capital Inc.
Railside Industrial Park Inc.
1252064 Alberta Ltd.
1330075 Alberta Ltd.
Harvest Capital Management Inc.
Harvest Group GP Corporation
(Collectively Referred to as the Respondents)

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

The Respondents

1. The Respondent, Ronald James Aitkens, also known as Ron Aitkens (Aitkens), is a resident of Lethbridge, in the Province of Alberta, Canada.

2. The Respondent, Legacy Communities Inc. (Legacy), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at #2, 5215 – 49th Avenue, Innisfail, Alberta. At all material times, Legacy had two directors, namely Aitkens and an individual named Bruce Jank (Jank) of Burlington, Ontario.

3. The Respondent, Spruce Ridge Capital Inc. (SRC), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at 605 - 2303 4th Street SW, Calgary, Alberta. At all material times, Aitkens held 40% of the shares in SRC, while Eyelogic Systems Inc. held 60%. At all material times, Aitkens was the sole director of SRC.

4. The Respondent, Spruce Ridge Estates Inc. (SRE), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at 605 - 2303 4th Street SW, Calgary, Alberta. At all material times, SRE had two directors, namely Aitkens and Jank. At all material times, Aitkens was the sole voting shareholder in SRE.

5. The Respondent, Railside Capital Inc. (RSC), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at #4 - 4002 9th Avenue North, Lethbridge, Alberta. At all material times, Aitkens held 40% of the shares in RSC, while Eyelogic Systems Inc. held 60%. At all material times, Aitkens was the sole director of RSC.

6. The Respondent, Railside Industrial Park Inc. (RSIP), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at #4 - 4002 9th Avenue North, Lethbridge, Alberta. At all material times, Aitkens was the sole director and sole voting shareholder of RSIP.

7. The Respondent, 1252064 Alberta Ltd. (064), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at #4 - 4002 9th Avenue North, Lethbridge, Alberta. At all material times, Aitkens was the sole director and sole shareholder in 064.

8. The Respondent, 1330075 Alberta Ltd. (075), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at #4 - 4002 9th Avenue North, Lethbridge, Alberta. At all material times, Aitkens was the sole director and shareholder in 075.

9. The Respondent, Harvest Capital Management Inc. (HCM), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at #4 - 4002 9th Avenue North, Lethbridge, Alberta. At all material times, Aitkens was the sole director and sole voting shareholder in HCM.

10. The Respondent, Harvest Group GP Corporation (Harvest GP), is a business corporation incorporated pursuant to the laws of the Province of Alberta with a registered office at

1200 - 700 2nd Street SW, Calgary, Alberta. At all material times, the directors of Harvest were as follows: Aitkens, Roy Beyer of Calgary, Alberta and Mark McCarthy of Lethbridge, Alberta.

11. Legacy, SRC, SRE, RSC, RSIP, 064, 075 HCM and Harvest GP are collectively referred to as the Corporate Respondents.

12. At all material times, Aitkens was the directing mind of the Corporate Respondents.

Contraventions of:

Clause 27(1)(a) of *The Securities Act, 1988*, S.S. 1988-89 c. S-42.2 as am. by S.S., 1995, c.32, s.18 (the 1995 - 2006 Act) and *The Securities Act, 1988*, S.S. 1988-89 c. S-42.2 as am. by S.S., 1995, c.32, s.18; and 2006, c.8, s.6 (the 2006 - 2009 Act); and

Subsections 58(1) and 80.1(1) of *The Securities Act, 1988* (the Act)

Legacy

13. From in or around 2005 and continuing thereafter, Legacy sold securities to residents of Saskatchewan and other Canadian provinces.

14. At various times in 2005, 2006 and 2007, Legacy issued three Offering Memoranda (respectfully referred to as Legacy OM1, Legacy OM2 and Legacy OM3) which offered units for purchase to residents of Saskatchewan. The units consisted of one Class B Non-Voting Common Share in Legacy and one 6% fixed rate, redeemable bond in Legacy.

15. From in or around 2005 to in or around 2006, in connection with Legacy OM1, Legacy sold approximately 26,615 redeemable bonds and approximately 26,615 non-voting shares in Legacy (the Legacy OM1 Shares and Bonds) to residents of Saskatchewan and raised approximately $2,661,500 from said sales.

16. From in or around 2006 to in or around 2007, in connection with Legacy OM2, Legacy sold approximately 10,666 redeemable bonds and approximately 10,666 non-voting shares in Legacy (the Legacy OM2 Shares and Bonds) to residents of Saskatchewan and raised approximately $1,066,600 from said sales.

17. From in or around 2007 to in or around 2008, in connection with Legacy OM3, Legacy sold approximately 4,405 redeemable bonds and approximately 4,405 non-voting shares in Legacy (the Legacy OM3 Shares and Bonds) to residents of Saskatchewan and raised approximately $440,500 from said sales.

18. In carrying out the activities outlined in paragraphs 13 – 17, Legacy solicited and sold securities to residents of Saskatchewan thereby traded in securities in the Province of Saskatchewan.

19. Legacy has never been registered as a dealer pursuant to the Act. Therefore, in carrying out the activities stated in paragraphs 13 – 17, Legacy contravened clause 27(1)(a) of the

1995 - 2006 Act and the 2006 - 2009 Act.

20. The trades engaged in by Legacy, referred to in paragraphs 15 – 17, related to securities that had not previously been issued and, as such, related to "distributions" as defined in the Act.

21. Legacy has never filed a preliminary prospectus or a prospectus with the Financial and Consumer Affair Authority of Saskatchewan (the Authority) and no receipts have been issued by the Director Securities Division of the Authority (the Director) for the same. Therefore, Legacy contravened subsection 58(1) of the Act.

22. The distributions of the Legacy OM1 Shares and Bonds occurred from in or around 2005 to in or around 2006, and Legacy OM1 was submitted to the Authority on or about December 28, 2011. The filing fees for Legacy OM1 were never paid to the Authority. Therefore, Legacy failed to file Legacy OM1 on or before the tenth day after the distributions thereby contravening clause 80.1(1)(b) of the Act.

23. The distributions of the Legacy OM2 Shares and Bonds occurred from in or around 2006 to in or around 2007, and Legacy OM2 was submitted to the Authority on or about December 28, 2011. The filing fees for Legacy OM2 were never paid to the Authority. Therefore, Legacy failed to file Legacy OM2 on or before the tenth day after the distributions thereby contravening clause 80.1(1)(b) of the Act.

24. The distributions of the Legacy OM3 Shares and Bonds occurred from in or around 2007 to in or around 2008, and Legacy OM3 was submitted to the Authority on or about December 28, 2011. The filing fees for Legacy OM3 were never paid to the Authority. Therefore, Legacy failed to file Legacy OM3 on or before the tenth day after the distributions thereby contravening clause 80.1(1)(b) of the Act.

25. Reports of trades with respect to the distributions of the Legacy OM1 Shares and Bonds, the Legacy OM2 Shares and Bonds and the Legacy OM3 Shares and Bonds (Legacy's Reports) were filed by Legacy on or about December 28, 2011. As such, Legacy failed to file Legacy's Reports no later than 10 days after the distributions, as required by section 6.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106).

26. There are no exemptions available for some of the trades as claimed in Legacy's Reports.

SRC and SRE

27. From in or around 2007 to in or around 2009, SRC and SRE sold securities to residents of Saskatchewan and other Canadian provinces.

28. On or about October 1, 2007, SRC issued an Offering Memorandum (the SRC OM) offering 6% redeemable bonds in SRC for purchase at a price of $100 per bond. The minimum subscription per investor was 100 bonds.

29. On or about October 1, 2007, SRE issued an Offering Memorandum (the SRE OM)

offering Class B Common Shares in SRE for purchase at a price of $0.01 per share. Entitlement to subscribe for shares in SRE under the SRE OM was dependent upon a subscription for bonds under the SRC OM.

30. From in or around 2007 to in or around 2009, in connection with the SRC OM, SRC sold approximately 41,752 redeemable bonds in SRC (the SRC Bonds) to residents of Saskatchewan and raised approximately $4,175,200 from said sales.

31. From in or around 2007 to in or around 2009, in connection with the SRE OM, SRE sold approximately 238,577 non-voting shares in SRE (the SRE Shares) to residents of Saskatchewan and raised approximately $2,385.77 from said sales.

32. In carrying out the activities outlined in paragraphs 27 – 31, SRC and SRE solicited and sold securities to residents of Saskatchewan thereby traded in securities in the Province of Saskatchewan.

33. Neither SRC nor SRE has ever been registered as a dealer pursuant to the Act. Therefore, in carrying out the activities stated in paragraphs 27 – 31, SRC and SRE contravened clause 27(1)(a) of the 2006 to 2009 Act.

34. The trades engaged in by SRC and SRE, referred to in paragraphs 30 and 31 respectively, related to securities that had not previously been issued, and as such, related to "distributions" pursuant to the Act.

35. Neither SRC nor SRE has ever filed a preliminary prospectus or a prospectus with the Authority and no receipts have been issued by the Director for the same. Therefore SRC and SRE contravened subsection 58(1) of the Act.

36. The distributions of the SRC Bonds and SRE Shares occurred from in or around 2007 to in or around 2009, and the SRC OM and the SRE OM were filed with the Authority on or about March 29, 2010. Therefore, SRC and SRE failed to file, respectively, the SRC OM and the SRE OM on or before the tenth day after the distributions thereby contravening clause 80.1(1)(b) of the Act.

37. Reports of trades with respect to the distributions of the SRC Bonds and the SRE Shares (SRC/SRE's Reports) were filed by SRC and SRE on or about March 10, 2010. As such, SRC and SRE failed to file SRC/SRE's Reports no later than 10 days after the distributions, as required by section 6.1 of NI 45-106.

38. There are no exemptions available for some of the trades as claimed in SRC/SRE's Reports.

RSC and RSIP

39. In or around 2008 RSC and RSIP sold securities to residents of Saskatchewan and other Canadian provinces.

40. On or about March 3, 2008, RSC issued an Offering Memorandum (the RSC OM)

offering 7% redeemable bonds in RSC for purchase at a price of $100 per bond. The minimum subscription per investor was 100 bonds.

41. On or about March 3, 2008, RSIP issued an Offering Memorandum (the RSIP OM) offering Class B Common Shares in RSIP for purchase at a price of $0.10 per share. The minimum subscription per investor was 100 shares.

42. In or around 2008, in connection with the RSC OM, RSC sold approximately 20,579 redeemable bonds in RSC (the RSC Bonds) to residents of Saskatchewan and raised approximately $2,057,900 from said sales.

43. In or around 2008, in connection with the RSIP OM, RSIP sold approximately 20,579 non-voting shares in RSIP (the RSIP Shares) to residents of Saskatchewan and raised approximately $2,057.90 from said sales.

44. In carrying out the activities outlined in paragraphs 39 – 43, RSC and RSIP solicited and sold securities to residents of Saskatchewan thereby traded in securities in the Province of Saskatchewan.

45. Neither RSC nor RSIP has ever been registered as a dealer pursuant to the Act. Therefore, in carrying out the activities in paragraphs 39 – 43, RSC and RSIP contravened clause 27(1)(a) of the 2006 to 2009 Act.

46. The trades engaged in by RSC and RSIP, referred to in paragraphs 42 and 43 respectively, related to securities that had not previously been issued, and as such, related to "distributions" pursuant to the Act.

47. Neither RSC nor RSIP has ever filed a preliminary prospectus or a prospectus with the Authority and no receipts have been issued by the Director for the same. Therefore RSC and RSIP contravened subsection 58(1) of the Act.

48. The distributions of the RSC Bonds and RSIP Shares occurred in or around 2008, and the RSC OM and the RSIP OM were filed with the Authority on or about March 29, 2010. Therefore, RSC and RSIP failed to file, respectively, the RSC OM and the RSIP OM on or before the tenth day after the distributions thereby contravening clause 80.1(1)(b) of the Act.

49. Reports of trades with respect to the distributions of the RSC Bonds and the RSIP Shares (RSC/RSIP's Reports) were filed by RSC and RSIP on or about March 10, 2010. As such, RSC and RSIP failed to file RSC/RSIP's Reports no later than 10 days after the distributions as required by section 6.1 of NI 45-106.

50. There are no exemptions available for some of the trades as claimed in RSC/RSIP's Reports.

Contraventions of section 55.1 of the Act

51. The Respondents, directly or indirectly, engaged or participated in acts or courses of action relating to securities that each knew or reasonably ought to have known perpetrated a fraud on purchasers of the Legacy OM1 Shares and Bonds, the Legacy OM2 Shares and Bonds, the Legacy OM3 Shares and Bonds, the SRC Bonds and/or the SRE Shares particulars of which are as follows:

Particulars of Fraud with respect to Legacy Monies

(a) Legacy OM1 was issued for the stated purpose of raising funds to invest in specific lands located west of Calgary, Alberta (the Legacy Lands). Legacy's stated plan was to acquire the Legacy Lands and then possibly develop them in order to provide a return to investors.

(b) Legacy OM1's stated long-term objective was to maximize the value of the Legacy Lands. It provided four possible plans in order to do so, none of which included removing funds from Legacy to invest elsewhere.

(c) Legacy OM2 was issued for the stated purpose of raising funds to acquire and develop the Legacy Lands. Legacy's stated plan was to acquire the Legacy Lands and then possibly develop them.

(d) Legacy OM2's stated long-term objective was to employ one of four possible plans in order to provide a return to investors, none of which included removing funds from Legacy to invest elsewhere.

(e) Legacy OM3 was issued for the stated purpose of raising funds to make the scheduled option fee payment on the Legacy Lands, pay a portion of the operational fees for the following 12 months, pay fees to Eyelogic Systems Inc., and provide unallocated working capital for Legacy.

(f) Legacy OM3's stated long-term objectives were to obtain the necessary approvals to subdivide the Legacy Lands, complete the servicing of the lots on the Legacy Lands, and pay all of Legacy's debts.

(g) From in or around 2005 to in or around 2008, Legacy raised approximately $4,168,600 from Saskatchewan residents through the use of Legacy OM1, Legacy OM2 and Legacy OM3. At all relevant times, Legacy did not comply with the above-stated purposes. The funds raised in connection with Legacy OM1, Legacy OM2 and Legacy OM3 were diverted for purposes unrelated to the objectives stated in Legacy OM1, Legacy OM2 and Legacy OM3. Details of these diversions are as follows:

The 064 Diversions

(i) From in or around 2007 to in or around 2008, through a series of transactions, Legacy, or Aitkens through Legacy, diverted approximately $10,614,880 of funds raised through Legacy OM1, Legacy OM2 and/or Legacy OM3 to 064, for the sole use and benefit of 064 and/or Aitkens (the 064 Diversions). No consideration was provided to Legacy in exchange for the 064 Diversions.

(ii) To date 064 has returned approximately $600,000 of the 064 Diversions to Legacy.

(iii) Legacy has neither sought nor received a return of any of the remaining $10,014,880 from the 064 Diversions from either of 064 or Aitkens. The sole purpose of the 064 Diversions was to provide benefits to Aitkens.

(iv) At no time did Legacy notify its shareholders or bondholders of the 064 Diversions.

(v) None of Legacy OM1, Legacy OM2 or Legacy OM3 made any reference to Legacy's intent to make the 064 Diversions.

(vi) As a result of the 064 Diversions, holders of the Legacy OM1 Bonds and Shares, the Legacy OM2 Bonds and Shares and the Legacy OM3 Bonds and Shares have been deprived of the value of their investments and their economic interests have been severely prejudiced.

(vii) As laid out in paragraphs 51(g)(i) – 51(g)(vi), each of Legacy, 064 and Aitkens knowingly and willfully committed dishonest and deceitful acts which directly deprived holders of the Legacy OM1 Bonds and Shares, the LegacyOM2 Bonds and Shares and the Legacy OM3 Bonds and Shares of the value of their investments. As such, each of Legacy, 064 and Aitkens has engaged or participated in acts or a course of action relating to securities that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(b) of the Act.

The 075 Diversions

(viii) In or around 2008, through a series of transactions, Legacy, or Aitkens through Legacy, diverted approximately $2,000,000 of funds raised through Legacy OM1, Legacy OM2 and/or Legacy OM3 to 075, for the sole use and benefit of 075 and/or Aitkens (the 075 Diversions). No consideration was provided to Legacy in exchange for the 075 Diversions.

(ix) Legacy has neither sought nor received a return of any of the 075 Diversions from either of 075 or Aitkens. The sole purpose of the 075 Diversions was to provide benefits to Aitkens.

(x) At no time did Legacy notify its shareholders or bondholders of the 075

Diversions.

(xi) None of Legacy OM1, Legacy OM2 or Legacy OM3 made any reference to Legacy's intent to make the 075 Diversions.

(xii) As a result of the 075 Diversions, holders of the Legacy OM1 Bonds and Shares, the LegacyOM2 Bonds and Shares and the Legacy OM3 Bonds and Shares have been deprived of the value of their investments and their economic interests have been severely prejudiced.

(xiii) As laid out in paragraphs 51(g)(viii) – 51(g)(xii), each of Legacy, 075 and Aitkens knowingly and willfully committed dishonest and deceitful acts which directly deprived holders of the Legacy OM1 Bonds and Shares, the LegacyOM2 Bonds and Shares and the Legacy OM3 Bonds and Shares of the value of their investments. As such, each of Legacy, 075 and Aitkens has engaged or participated in acts or a course of action relating to securities that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(b) of the Act.

The Promissory Notes

(xiv) Legacy purported to make certain of the 064 Diversions and/or the 075 Diversions pursuant to an Investment Agreement, dated December 15, 2005, between Legacy and HCM (the HCM Investment Agreement). The HCM Investment Agreement was signed by Aitkens on behalf of each of Legacy and HCM.

(xv) Pursuant to the HMC Investment Agreement, HCM was to invest funds taken from Legacy for Legacy's benefit. At various times in 2007 and 2008, HCM and/or 064 issued promissory notes (collectively, the Promissory Notes) to Legacy, purportedly in relation to the HCM Investment Agreement.

(xvi) Pursuant to a promissory note dated September 24, 2007(Promissory Note 1), HCM promised to pay Legacy, the sum of $4,924,880 with interest at a rate of 7% per annum, simple interest, or 20% of the net profits after expenses, whichever is greater. Promissory Note 1 was signed by Aitkens on behalf of HCM and indicated a maturity date of December 31, 2011.

(xvii) Pursuant to a promissory note dated September 24, 2007 (Promissory Note 2), HCM, through its affiliate, 064, promised to pay Legacy, the sum of $7,002,800 with interest at a rate of 6% per annum, simple interest, or 30% of the net profits after expenses, whichever is greater. Promissory Note 2 was signed by Aitkens on behalf of each of Legacy, HCM and 064 and did not indicate any maturity date.

(xviii) Pursuant to a promissory note dated December 20, 2007 (Promissory Note 3), HCM, through its affiliate, 064, promised to pay Legacy the sum of $2,723,000 with interest at a rate of 7% per annum, simple interest, or

20% of the net profits after expenses, whichever is greater. Promissory Note 3 was signed by Aitkens on behalf of HCM and indicated a maturity date of December 31, 2011.

(xix) Pursuant to a promissory note dated December 20, 2007 (Promissory Note 4), HCM, through its affiliate, 064, promised to pay Legacy, the sum of $2,608,633 with interest at a rate of 6% per annum, simple interest, or 30% of the net profits after expenses, whichever is greater. Promissory Note 4 was signed by Aitkens on behalf of each of Legacy, HCM and 064 and did not indicate any maturity date.

(xx) Pursuant to a promissory note dated June 27, 2008 (Promissory Note 5), HCM, through its affiliate, 064, promised to pay to Legacy, the sum of $1,350,000 with interest at a rate of 7% per annum, simple interest, or 20% of the net profits after expenses, whichever is greater. Promissory Note 5 was signed by Aitkens on behalf of 064 and indicated a maturity date of December 31, 2011.

(xxi) Pursuant to a promissory note dated June 27, 2008 (Promissory Note 6), HCM, through its affiliate, 064, promised to pay Legacy, the sum of $1,100,000 with interest at a rate of 6% per annum, simple interest, or 30% of the net profits after expenses, whichever is greater. Promissory Note 6 was signed by Aitkens on behalf of each of Legacy, HCM and 064 and did not indicate any maturity date.

(xxii) Pursuant to a promissory note dated December 30, 2008 (Promissory Note 7), HCM, through its affiliate, 064, promised to pay Legacy, the sum of $590,000 with interest at a rate of 7% per annum, simple interest, or 20% of the net profits after expenses, whichever is greater. Promissory Note 7 was signed by Aitkens on behalf of 064 and indicated a maturity date of December 31, 2011.

(xxiii) The amounts and dates indicated on the Promissory Notes are not reflective of actual transactions between Legacy, HCM or 064.

(xxiv) The amounts indicated on the Promissory Notes were not received by HCM or 064 or invested by HCM or 064 on Legacy's behalf.

(xxv) Legacy has never attempted to enforce the Promissory Notes.

(xxvi) Neither HCM nor 064 has fulfilled any of the promises made in the Promissory Notes.

(xxvii) The Promissory Notes were created by Legacy, HCM, 064 and/or Aitkens for the sole purpose of concealing the 064 Diversions and/or the 075 Diversions.

(xxviii) As laid out in paragraphs 51(g)(xiv) – 51(g)(xxvii), each of Legacy, HCM, 064 and Aitkens knowingly and willfully committed dishonest and

deceitful acts which indirectly deprived holders of the Legacy OM1 Bonds and Shares, the LegacyOM2 Bonds and Shares and the Legacy OM3 Bonds and Shares of the value of their investments. As such, each of Legacy, HCM, 064 and Aitkens has engaged or participated in acts or a course of action relating to securities that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(b) of the Act.

Water License Diversion

(xxix) In or around October, 2008, 075 purchased certain lands located in the Municipal District of Willow Creek, Alberta (the Willow Creek Lands), along with a water allocation (the Water Allocation) from a third-party for a purchase price of $825,000. The total cost to purchase the Willow Creek Lands, after adjustments, was $825,082.72.

(xxx) On or about October 15, 2008, Legacy entered into an agreement with 075 whereby Legacy agreed to purchase the Water Allocation from 075 for a purchase price of $950,000 (the Water License Agreement). The signature portions of the Water License Agreement were signed by Aitkens.

(xxxi) Purportedly pursuant to the Water License Agreement, on or about October 15, 2008, Legacy transferred $825,082.72 of funds raised through Legacy OM1, Legacy OM2 and Legacy OM3 to the trust account of legal counsel for 075, for 075's benefit (the Water License Diversion).

(xxxii) Legacy received no consideration for the Water License Diversion.

(xxxiii) Legacy has never attempted to enforce the Water License Agreement, nor has it sought or received a return of any of the Water License Diversion.

(xxxiv) 075 has neither transferred the Water Allocation to Legacy nor provided any consideration to Legacy in exchange for the Water License Diversion.

(xxxv) The sole purpose of the Water License Diversion was to provide a benefit to Aitkens.

(xxxvi) The Water License Agreement was created by Legacy, 075 and/or Aitkens for the sole purpose of concealing the Water License Diversion.

(xxxvii) At no time did Legacy notify its shareholders or bondholders of the Water License Diversion.

(xxxviii) None of Legacy OM1, Legacy OM2 or Legacy OM3 made any reference to Legacy's intent to purchase a Water Allocation in Willow Creek, Alberta, or to make the Water License Diversion.

(xxxix) On or about July 27, 2010, 075 transferred title to the Willow Creek Lands to Harvest GP in exchange for $1.00.

(xl) As a result of the Water License Diversion, holders of the Legacy OM1 Bonds and Shares, the Legacy OM2 Bonds and Shares and the Legacy OM3 Bonds and Shares have been deprived of the value of their investments and their economic interests have been severely prejudiced.

(xli) As laid out in paragraphs 51(g)(xxix) – 51(g)(xl), each of Legacy, 075, Harvest GP and Aitkens knowingly and willfully committed dishonest and deceitful acts which directly or indirectly deprived holders of the Legacy OM1 Bonds and Shares, the Legacy OM2 Bonds and Shares and the Legacy OM3 Bonds and Shares of the value of their investments. As such, each of Legacy, 075, Harvest GP and Aitkens has engaged or participated in acts or a course of action relating to securities that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(b) of the Act.

Particulars of Fraud with respect to SRC and SRE Monies

(h) The SRC OM was issued for the stated purpose of raising funds to loan to SRE in order to assist SRE in acquiring approximately 923 acres of land located southwest of Calgary Alberta (the SRE Lands).

(i) The SRC OM's stated long-term objectives were to raise up to $85,500,000 to lend to SRE, to manage the collection of interest and principle on the loan, and to provide a return to purchasers of the SRC Bonds.

(j) The SRE OM was issued for the stated purpose of raising capital to acquire the SRE Lands.

(k) The SRE OM's stated long-term objectives were to acquire the SRE Lands, complete the Area Structure Plan, develop the SRE Lands, sell them to a third party and provide a return to purchasers of the SRE Shares.

(l) SRC and SRE raised approximately $4,177,585.77 from Saskatchewan residents through the use of the SRC OM and the SRE OM. SRC and SRE did not comply with the above-stated purposes. The funds raised in connection with the SRC OM and the SRE OM were diverted for purposes unrelated to the objectives stated in the SRC OM and the SRE OM. Details of these diversions are as follows:

The SRE Land Purchase

(i) On or about September 12, 2007, 075, or Aitkens through 075, purchased the SRE Lands from a third-party, [redacted], for $18,932,775 (approximately $20,512 per acre).

(ii) As part of the purchase agreement, 075 agreed to use all reasonable efforts to cause a particular 58.8 acre section (the Homestead Parcel) to be

subdivided into a separate title and transferred back to [redacted], free and clear of any encumbrances, at a price of $20,500 per acre. 075 also agreed to allow [redacted] to remain on the Homestead Parcel free of any charge until such time as the title was transferred to [redacted], or May 31, 2009, whichever came first.

(iii) The SRC OM and the SRE OM stated that on or about September 28, 2007 SRE and 075 entered into an agreement (the SRE Purchase Agreement) whereby SRE agreed to purchase the SRE Lands from 075 for a purchase price of $64,715,000 (approximately $70,113 per acre). The obligation to sell 58.8 acres to [redacted] at a price of $20,500 per acre was not disclosed in the SRC OM or the SRE OM.

(iv) Purportedly pursuant to the SRE Purchase Agreement, from in or around 2007 to in or around 2009, SRE, or Aitkens through SRE, transferred a total of approximately $42,629,000 of funds raised through the SRC OM and the SRE OM to 075. In or around 2009, 075 returned approximately $349,000 of these funds to SRE, making the total of funds paid by SRE to 075, $42,280,000. SRE also gave 075 a mortgage in the amount of $44,715,000 secured against the SRE Lands (the SRE/075 Mortgage). The total consideration provided by SRE to 075 in exchange for title to the SRE Lands was approximately $86,995,000 ($94,252 per acre).

(v) The SRC OM and the SRE OM stated that the appraised value of the lands as of January 26, 2007 was $27,062 per acre.

(vi) Aitkens, SRE and 075, artificially inflated the purchase price payable under the SRE Purchase Agreement in order to allow Aitkens to arrogate funds raised through the SRC OM and the SRE OM.

(vii) As a result of the actions of SRC, SRE, 075 and Aitkens, and the facts outlined in paragraphs 51(l)(i) – 51(l)(vi) holders of the SRC Bonds and the SRE Shares have been deprived of the value of their investments and their economic interests have been severely prejudiced.

(viii) As laid out in paragraphs 51(l)(i) – 51(l)(vii), Aitkens, SRC and SRE knowingly and willfully committed dishonest and deceitful acts which directly deprived holders of the SRC Bonds and the SRE Shares of the value of their investments. As such, each of Aitkens, SRC and SRE have engaged or participated in acts or courses of action relating to securities, that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(b) of the Act.

<u>The SRC/SRE Loan</u>

(ix) The SRC OM and the SRE OM stated that SRC and SRE expected to enter into a loan agreement, whereby SRC would agree to loan SRE anywhere

from $871,574 to $76,700,324.

(x) From in or around 2007 to in or around 2009, purportedly in connection with the loan agreement mentioned in subparagraph (ix), above, SRC transferred to SRE, and SRE accepted, approximately $44,958,800 of funds raised through the SRC OM (the SRC Transfer). The SRC Transfer was completed while each of SRC and SRE was aware that SRE, or Aitkens through SRE, intended to use the SRC Transfer to allow Aitkens, through 075, to arrogate funds raised through the SRC OM and the SRE OM, as outlined in paragraphs 51(l)(i) – 51(l)(vii).

(xi) Pursuant to a promissory note dated October 26, 2008 (the SRC Promissory Note), SRE promised to pay SRC the sum of $50,000,000, together with interest at a rate of 6.5% per annum, from and including January 1, 2009. The SRC Promissory Note was signed by Aitkens on behalf of SRE and indicated a maturity date of December 31, 2012.

(xii) On or about October 26, 2008, purportedly in consideration for the sum of $50,000,000, lent by SRC to SRE, SRE gave SRC a mortgage secured against the SRE Lands (the SRC Mortgage). The SRC Mortgage states that it was given as collateral security for payment by SRE under the SRC Promissory Note. The SRC Mortgage was signed by Aitkens on behalf of SRE.

(xiii) The SRC Promissory Note and the SRC Mortgage were created by SRC, SRE, 075 and/or Aitkens for the sole purpose of concealing the transactions outlined in paragraphs 51(l)(i) – 51(l)(vii), and 51(l)(ix) – 51(l)(xi).

(xiv) SRC has never attempted to enforce the SRC Promissory Note or the SRC Mortgage, or to receive any return of the SRC Transfer from SRE.

(xv) SRE has not fulfilled its obligations under the SRC Promissory Note or the SRC Mortgage, nor has it returned of any of the funds from the SRC Transfer to SRC.

(xvi) Because of the large sums of monies diverted out of SRC and SRE to 075 for Aitken's benefit, SRC and SRE are unable to develop the SRE Lands or increase their value in any way, and are otherwise unable to provide a return to holders of the SRC Bonds and the SRE Shares.

(xvii) At all material times, it was evident that there would not be sufficient funds available to develop the SRE Lands, given the unjustified inflated purchase price paid for the SRE Lands and SRC and SRE ought reasonably to have been aware of this fact.

(xviii) As a result of the actions of SRC, SRE and Aitkens, outlined in paragraphs 51(l)(ix) – 51(l)(xvii), holders of the SRC Bonds and SRE Shares have been deprived of the value of their investment and their economic interests

have been severely prejudiced.

(xix) As laid out in paragraphs 51(l)(ix) – 51(l)(xviii), Aitkens, SRC and SRE knowingly and willfully committed dishonest and deceitful acts which directly deprived holders of the SRC Bonds and the SRE Shares of the value of their investments. As such, each of Aitkens, SRC and SRE have engaged or participated in acts or courses of action relating to securities, that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(b) of the Act.

The SRC Diversion

(xx) In or around 2008 SRC, or Aitkens through SRC, diverted approximately $2,000,000 of funds raised through the SRC OM to 075, for 075 or Aitkens' sole use and benefit (the SRC Diversion). No consideration was provided to SRC in exchange for the SRC Diversion.

(xxi) SRC has neither sought nor received a return of any of the SRC Diversion from either of 075 or Aitkens. The sole purpose of the SRC Diversion was to provide benefits to Aitkens.

(xxii) At no time did SRC notify its bondholders of the SRC Diversion.

(xxiii) The SRC OM made no reference to SRC's intent to make the SRC Diversion.

(xxiv) As a result of the SRC Diversion, holders of the SRC Bonds have been deprived of the value of their investments and their economic interests have been severely prejudiced.

(xxv) As laid out in paragraphs 51(l)(xx) – 51(l)(xxiv), each of SRC, 075 and Aitkens knowingly and willfully committed dishonest and deceitful acts which directly deprived holders of the SRC Bonds of the value of their investments. As such, each of SRC, 075 and Aitkens has engaged or participated in acts or a course of action relating to securities that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(b) of the Act.

The SRE Diversion

(xxvi) From in or around 2008 to in or around 2009, SRE, or Aitkens through SRE, diverted approximately $1,490,000 of funds raised through the SRE OM to 064, for 064 or Aitkens' sole use and benefit (the SRE Diversion). No consideration was provided to SRE in exchange for the SRE Diversion.

(xxvii) To date 064 has returned approximately $150,000 of the SRE Diversion to SRE.

(xxviii)SRE has neither sought nor received a return of any of the remaining

$1,340,000 from the SRE Diversion from either of 064 or Aitkens. The sole purpose of the SRE Diversion was to provide benefits to Aitkens.

(xxix) At no time did SRE notify its bondholders of the SRE Diversion.

(xxx) The SRE OM made no reference to SRE's intent to make the SRE Diversion.

(xxxi) As a result of the SRE Diversion, holders of the SRE Shares have been deprived of the value of their investments and their economic interests have been severely prejudiced.

(xxxii) As laid out in paragraphs 51(l)(xxvi) – 51(l)(xxxi), SRE, 064 and Aitkens knowingly and willfully committed dishonest and deceitful acts which directly deprived holders of the SRE Shares of the value of their investments. As such, each of SRE, 075 and Aitkens has engaged or participated in acts or a course of action relating to securities that each knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to clause 55.1(a) of the Act.

Contraventions of subsection 44(3.1) of *The Securities Act, 1988*, S.S. 1988-89 c. S-42.2 as am. by S.S., 2001, c.7, s.13 (the 2001 - 2007 Act) and subsection 55.11(1) of the Act

Legacy

Marketing Materials

52. Legacy made a number of statements in the marketing materials which it distributed in connection with Legacy OM1, Legacy OM2 and Legacy OM3, at various times from in an around 2005 to in or around 2008, that it knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements were made with the intention of effecting a trade in shares and bonds of Legacy and had a significant effect on the market price or value of the Legacy OM1 Shares and Bonds, the Legacy OM2 Shares and Bonds and the Legacy OM3 Shares and Bonds. Therefore, Legacy contravened subsection 44(3.1) of the 2001 - 2007 Act and subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) Legacy stated that it was giving investors the opportunity to participate at an "explosive growth stage that in the past has been available only to the wealthy individuals or large corporations";

(b) Legacy stated that the Bonds were secured by land;

(c) Legacy stated that investors would get returns in tax advantaged dividends;

(d) Legacy stated that the potential return on a $10,000 investment was approximately $39,717 or $44,000, depending which one of two scenarios was used;

(e) Legacy stated that the investors were backed up by actual value in the property, as opposed to a paper asset; and

(f) Legacy stated that the land would be developed; that it was not a question of "if" but "when".

Legacy OM1

53. Legacy, with the intention of effecting a trade in shares and bonds in Legacy, made a number of statements in Legacy OM1, that it knew, or reasonably ought to have known, were either untrue statements of material facts, or omitted material facts that were required to be stated or that were necessary to make the statements not misleading in light of the circumstances in which they were made. Therefore, Legacy contravened subsection 44(3.1) of the 2001 - 2007 Act. Particulars of some of these statements include, but are not limited to, the following:

(a) Legacy stated that it intended to acquire the Legacy Lands and then employ one of four strategies; namely, (1) holding the Legacy Lands in anticipation of an increase in value and selling without re-designation; (2) receiving re-designation approvals and then selling the Legacy Lands to a third party developer; (3) receiving re-designation approvals and entering into a joint venture agreement with a real estate developer to develop the Legacy Lands; or (4) receiving re-designation approvals and developing the Legacy Lands;

(b) Legacy stated that it intended to fund the balance of the project costs with proceeds of sales of lots and homes;

(c) Legacy stated that its long-term objective was to raise $35,000,000 to invest in the Legacy Lands and the pursue one of the four plans, listed in paragraph 59(a), above. Legacy stated that it intended to use the funds as stated, and would only reallocate funds for sound business reasons;

(d) Legacy stated that the Legacy Lands were worth $27,000,000 as of June 25, 2005;

(e) Legacy failed to state that it intended to enter into the HCM Investment Agreement or to use the HCM Investment Agreement to transfer funds from Legacy's account to companies solely owned and operated by Aitkens, for Aitkens' sole use and benefit; and

(f) Legacy failed to state, in the section labeled "Management Experience", that Aitkens was the sole director and shareholder of each of 064 and 075 or that he owned 75% of the voting shares in Foundation Capital Corporation (FCC).

Legacy OM2

54. Legacy, with the intention of effecting a trade in shares and bonds in Legacy, made a

number of statements in Legacy OM2, that it knew, or reasonably ought to have known, were either untrue statements of material facts, or omitted material facts that were required to be stated or that were necessary to make the statements not misleading in light of the circumstances in which they were made. Therefore, Legacy contravened subsection 44(3.1) of the 2001 - 2007 Act. Particulars of some of these statements include, but are not limited to, the following:

(a) Legacy stated that it intended to employ one of four strategies and provide a return to purchasers of the Legacy OM2 Shares and Bonds. The four strategies were: (1) holding the Legacy Lands in anticipation of an increase in value and selling without re-designation or entering into the proposed area structure plan; (2) receiving re-designation approvals or entering into the proposed area structure plan and then selling the Legacy Lands to a third party developer; (3) receiving re-designation approvals or entering into the proposed area structure plan and entering into a joint venture agreement with a real estate developer to develop the Legacy Lands into a residential community; or (4) receiving re-designation approvals or entering into the proposed area structure plan and developing the Legacy Lands into a residential community;

(b) Legacy stated that it intended to use the funds as stated, and would only reallocate funds for sound business reason;

(c) Legacy stated that the Legacy Lands were worth $6,300,000 as of March 22, 2006;

(d) Legacy stated that it had listed the key terms of all material agreements; and

(e) Legacy failed to state, in the section labeled "Management Experience", that Aitkens was the sole director and shareholder of each of 064 and 075 or that he owned 75% of the voting shares in FCC.

Legacy OM3

55. Legacy made a number of statements in Legacy OM3, that it knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements had a significant effect on the market price or value of the Legacy OM1 Shares and Bonds, the Legacy OM2 Shares and Bonds and the Legacy OM3 Shares and Bonds. Therefore, Legacy contravened subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) Legacy stated that it intended to obtain the necessary approvals to subdivide the Legacy Lands, acquire the first 100 acres of additional Legacy Lands, complete the servicing of lots of the first phase of the project and then sell this part either as a whole or by sale of single subdivided parcels, in order to pay all of Legacy's debts, including amounts due to holders of the redeemable bonds, issued as a result of Legacy OM1 and Legacy OM2 or Legacy OM3. Any remaining cash,

Legacy stated, would be distributed to holders of shares in Legacy;

(b) Legacy stated that it intended to use the funds as stated, and would only reallocate funds for sound business reason;.

(c) Legacy stated that the Legacy Lands were worth $37,700,000 as of September 1, 2007;

(d) Legacy stated that it had listed the key terms of all material agreements; and

(e) Legacy failed to state, in the section labeled "Management Experience", that Aitkens was the sole director and shareholder of each of 064 and 075 or that he owned 75% of the voting shares in FCC.

SRC/SRE

Marketing Materials

56. SRC and SRE made a number of statements in the marketing materials which they distributed in connection with the SRC OM and the SRE OM, that each knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements had a significant effect on the market price or value of the SRC Bonds and the SRE Shares. Therefore, SRC and SRE contravened subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) SRC and SRE stated that there were plans for a premium or PGA Class 18 – 27 hole golf course, and an executive hotel and convention facility;

(b) SRC and SRE stated that the investment featured solid return rates inside the RRSP's and secured by land, and investment returns paid in tax advantaged dividends;

(c) SRC and SRE stated that there was a profit bonus for those who invested early;

(d) SRC and SRE stated that the investors were 60% owners of the project; and

(e) SRC and SRE stated that the average shareholder was projected to turn a $10,000 investment into approximately $42,000 and a $50,000 investment into approximately $210,000.

The SRC OM

57. SRC made a number of statements in the SRC OM, that it knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements had a

significant effect on the market price or value of the SRC Bonds. Therefore, SRC contravened subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) SRC stated that the net proceeds from the SRC OM would be loaned to SRE to allow it to acquire the SRE Lands and provide working capital to assist in the preparation of an area structure plan, and also to pay for all administration and operating expenses incurred by SRC in the conduct of its business;

(b) SRC stated that SRE intended to create an area structure plan for the SRE Lands that included a residential community, a large hotel and convention centre, a championship golf course, retail sits and a wellness centre;

(c) SRC stated that SRE intended to subdivide lots and sell them to multiple real estate developers;

(d) SRC failed to state that SRE had agreed to sell 58.8 acres of the SRE Lands to [redacted] at a price of $20,500 per acre;

(e) SRC failed to state that there was no justifiable reason for the inflated purchase price SRE had agreed to pay for the SRE Lands;

(f) SRC stated that it had listed the key terms of all material agreements; and

(g) SRC failed to state, in the section labeled "Management Experience", that Aitkens was the sole director and shareholder of 075.

The SRE OM

58. SRE made a number of statements in the SRE OM, that it knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements had a significant effect on the market price or value of the SRE Shares. Therefore, SRE contravened subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) SRE stated that it intended to create an area structure plan for the SRE Lands that included a residential community, a large hotel and convention centre, a championship golf course, retail sits and a wellness centre;

(b) SRE stated that it intended to subdivide lots and sell them to multiple real estate developers, and provide a return to purchasers of the SRE Shares;

(c) SRE failed to state that it had agreed to sell 58.8 acres of the SRE Lands to [redacted] at a price of $20,500 per acre;

(d) SRE failed to state that there was no justifiable reason for the inflated purchase price it had agreed to pay for the SRE Lands;

(e) SRE stated that it had listed the key terms of all material agreements; and

(f) SRE failed to state, in the section labeled "Management Experience", that Aitkens was the sole director and shareholder of 075 and sole director of SRC.

RSC/RSIP

Marketing Materials

59. RSC and RSIP made a number of statements in the marketing materials which they distributed in connection with the RSC OM and the RSIP OM, that each knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements had a significant effect on the market price or value of the RSC Bonds and the RSIP Shares. Therefore, RSC and RSIP contravened subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) RSC and RSIP stated that the 4 year bond pays a guaranteed annual rate of 7%;

(b) RSC and RSIP stated that the investment is secured through the bond by a mortgage position on the property;

(c) RSC and RSIP stated that 80% of net profits are distributed to shareholders in the form of ext-efficient eligible dividends; and

(d) RSC and RSIP stated that it was projected that a $25,000 investment would become $41,000 in 3 to 4 years and a $100,000 investment would become $164,000 in 3 to 4 years.

The RSC OM

60. RSC made a number of statements in the RSC OM, that it knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements had a significant effect on the market price or value of the RSC Bonds. Therefore, RSC contravened subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) RSC stated that the majority of the net proceeds from the RSC OM would be loaned to RSIP to allow it to acquire certain lands located adjacent to the eastern town limits of the Town of Millet, Alberta (the RSIP Lands) and provide working capital to assist in the development of the RSIP Lands, and also to pay for all administration and operating expenses incurred by RSC in the conduct of its business;

(b) RSC stated that RSIP intended to develop the lands into an industrial park;

(c) RSC stated that it intended to collect interest from its loan to RSIP and provide a return to purchases of the RSC Bonds;

(d) RSC failed to state that there was no justifiable reason for the inflated purchase price RSIP had agreed to pay for the RSIP Lands;

(e) RSC stated that it had listed the key terms of all material agreements; and

(f) RSC failed to state, in the section labeled "Management Experience", that Aitkens was the sole director and shareholder of 064 and sole director of RSIP.

The RSIP OM

61. RSIP made a number of statements in the RSIP OM, that it knew, or reasonably ought to have known, were either misleading or untrue in material respects, at the time and in light of the circumstances in which they were made, or failed to include facts that were required or necessary to make the statements not misleading in material respects, at the time and in light of the circumstances in which they were made. These statements had a significant effect on the market price or value of the RSIP Shares. Therefore, RSIP contravened subsection 55.11(1) of the Act. Particulars of some of these statements include, but are not limited to, the following:

(a) RSIP stated that the net proceeds from the RSIP OM would be used to acquire the RSIP Lands and continue with the development of the RSIP Lands;

(b) RSIP stated that it intended to develop the RSIP Lands into an industrial park and provide a return to purchasers of the RSIP Shares;

(c) RSIP failed to state that there was no justifiable reason for the inflated purchase price it had agreed to pay for the RSIP Lands;

(d) RSIP stated that it had listed the key terms of all material agreements; and

(e) RSIP failed to state, in the section labeled "Management Experience", that Aitkens was the sole director and shareholder of 064 and sole director of RSC.

Contraventions of subsection 44(2) of the Act

62. In carrying out the activities indicated in paragraph 52(d), Legacy, with the intention of effecting trades in shares and bonds of Legacy, gave written undertakings relating to the future value of said shares and bonds, contrary to subsection 44(2) of the Act.

63. In carrying out the activities indicated in paragraph 56(e), SRC and SRE, with the intention of effecting trades in bonds in SRC and shares in SRE, gave written undertakings relating to the future value of said shares and bonds, contrary to subsection 44(2) of the Act.

64. In carrying out the activities indicated in paragraph 59(d), RSC and RSIP, with the

intention of effecting trades in bonds in RSC and shares in RSIP, gave written undertakings relating to the future value of said shares and bonds, contrary to subsection 44(2) of the Act.

Contraventions of subsection 80.1(2) of the Act

65. Legacy distributed the Legacy OM2 Shares and Bonds from in or around 2006 to in or around 2007, in connection with Legacy OM2 and the Legacy OM3 Shares and Bonds from in or around 2007 to in or around 2008.

66. Legacy made the 064 Diversions after the distributions connected to Legacy OM2 commenced, but before they had been completed, and/or after the distributions connected to Legacy OM3 commenced, but before they had completed.

67. Legacy made the 075 Diversions after the distributions connected to Legacy OM3 commenced, but before they had been completed.

68. The 064 Diversions and the 075 Diversions were material changes in Legacy's affairs.

69. Legacy did not amend Legacy OM2 or Legacy OM3 at any time to reflect these changes in its affairs, and as such, it contravened subsection 80.1(2).

70. SRE distributed the SRE Shares from in or around 2007 to in or around 2009, in connection with the SRE OM.

71. On or about October 26, 2008 SRE gave 075 the SRE/075 Mortgage, secured against the SRE Lands. SRE gave 075 the SRE/075 Mortgage after the distributions connected to the SRE OM commenced, but before they had been completed.

72. The SRE/075 Mortgage is a material change in SRE's affairs.

73. SRE did not amend the SRE OM at any time to reflect this change in its affairs, and as such, it contravened subsection 80.1(2).

Relief Sought

74. Based on the above, Staff of the FCAA ask the hearing panel to consider whether it is in the public interest to make the following orders:

    (a) Pursuant to clause 134(1)(a) of the Act, all of the exemptions in Saskatchewan securities laws do not apply to the Respondents;

    (b) Pursuant to clause 134(1)(d) of the Act, the Respondents shall cease trading in any securities or exchange contracts in Saskatchewan;

    (c) Pursuant to clause 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities for and on behalf of residents of Saskatchewan;

(d) Pursuant to clause 134(1)(e) of the Act, the Respondents shall cease giving advice respecting securities, trades and exchange contracts;

(e) Pursuant to clause 134(1)(h)(i) of the Act, Aitkens shall resign any position that he holds as a director or officers of an issuer, a registrant or an investment fund manager;

(f) Pursuant to clause 134(1)(h)(ii) of the Act, Aitkens is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(g) Pursuant to clause 134(h)(1)(iii) of the Act, Aitkens shall not be employed by any issuer, registrant or investment fund manager;

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

(i) Pursuant to section 135.1 of the Act, each of Aitkens, Legacy, 064, 075, SRC, SRE, RSC, RSIP, HCM and Harvest GP shall pay an administrative penalty of $100,000.00 to the Authority;

(j) Pursuant to section 135.6 of the Act, the Respondents 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 Respondents' contraventions of the Act, in amounts to be determined; and

(k) Pursuant to section 161 of the Act, the Respondents shall pay the costs of or relating to this hearing in this matter.

DATED at Regina, Saskatchewan, this 30 day of August, 2013.

[redacted]

Dean Murrison
Director, Securities Division