FCAA
Financial and
Consumer
Affairs Authority

Suite 601
1919 Saskatchewan Drive
Regina, SK
Canada S4P 4H2

IN THE MATTER OF

THE SECURITIES ACT, 1988, S.S. 1988, C. S-42.2

AND

IN THE MATTER OF

LANDBANKERS INTERNATIONAL MX, S.A. De C.V

DECISION

HEARING HELD:	May 13, 14, 2013
BEFORE:	Gordon Hamilton, Panel Chairperson Mary Ann McFadyen Paul Robinson (collectively referred to as "the Panel"
APPEARANCES:	Mr. Sonne Udemgba ("Counsel") representing the Staff of the Financial and Consumer Affairs Authority of Saskatchewan ("the Staff"). No appearances by Landbankers International MX, S.A. De C. V ("Landbankers" or the "Respondent").or anyone on their behalf.
DECISION DATED:	**December 11, 2013**

BACKGROUND:

In a "Statement of Allegations of Staff of the Saskatchewan Financial Services Commission" dated April 25, 2012, the Staff alleged that the Respondent and two individuals associated with the Respondent (Kelly Friesen and Sonja McAdam) individually or collectively contravened one or more of the following provisions of *The Securities Act, 1988 S.S. 1988, c.S-42.2* ("the Act").

a. section 27, trading and advising in securities in Saskatchewan while not registered to do so;

b. section 58, distributing securities in Saskatchewan, without having been issued a receipt for a prospectus by the Director of the Securities Division ("the Director");

c. section 44, representing to investors, with the intention of effecting a trade in Landbankers securities in Saskatchewan, that the securities would be listed on an exchange and have a certain future value.

d. section 55.14, trading in securities in Saskatchewan in contravention of an order by the Director issued pursuant to section 134 of the Act that the exemptions in Saskatchewan securities laws do not apply to Landbankers or to Friesen and that Landbankers and Friesen cease trading in all securities and exchange contracts.

A settlement agreement containing a number of sanctions was reached between the Director and Friesen and McAdam, and was executed by the Director on March 12, 2013. By an order signed on May 2, 2013, the Panel approved the settlement agreement. On October 1, 2012, the Saskatchewan Financial Services Commission ("SFSC") became the Financial and Consumer Affairs Authority of Saskatchewan ("FCAA") and the powers of the SFSC were transferred to the FCAA.

The purpose of this hearing was to consider the Staff's request that it is in the public interest to make the following orders:

a) pursuant to subsection 134(1)(a), the exemptions in Saskatchewan securities laws do not apply to Landbankers;
b) pursuant to subsection 134(1)(d), Landbankers cease trading in any securities or exchange contracts;
c) pursuant to subsection 134(1)(d.1), Landbankers cease acquiring securities or exchange contracts;
d) pursuant to subsection 134(1)(e), Landbankers cease giving advice respecting securities;
e) pursuant to subsection 135.1(2)(a), Landbankers pay an administrative penalty of $100,000; and
f) pursuant to section 161, Landbankers pay the costs of and related to the investigation and hearing of this matter in an amount that is to be taxed.

The Director issued a Temporary Cease Order (the Order) against the Respondent and Kelly Friesen on November 26, 2007, the receipt of which was acknowledged by an email dated November 28, 2007 from Roger Ayuso who held himself out as the CEO of Landbankers. The order stipulates that the exemptions in Saskatchewan securities laws do not apply to Landbankers and further stipulates that Friesen and Landbankers cease trading in all securities and exchange contracts until the Director makes a further order in this matter. The Order was extended by an Extending Order, dated December 11, 2007.

On January 28, the Director issued a similar cease trade order against Landbankers and Sonja McAdam that was extended on February 6, 2008.

The Panel was advised that the Director has made no further orders in this matter so that the prohibitions in the Orders remain in force.

PRELIMINARY MATTERS

On May 30, 2012, the Chairperson of the Hearing Panel signed an order for substitutional service of the Notice of Hearing, Statement of Allegations and any subsequent applications in this matter. The Panel was satisfied that the notice provisions of the Act had been satisfied and that the hearing could proceed in the absence of Landbankers or anyone on their behalf.

EVIDENCE PRESENTED TO THE PANEL

Five witnesses, four investors and Ed Rodonets (Rodonets) an investigator with the Financial and Consumer Affairs Authority of Saskatchewan presented evidence to the Panel.

Witness 1 (Investor 1) testified as follows:

1. Based on advice from Kelly Friesen (Friesen), Investor 1 purchased $3,000 CDN worth of Landbankers shares on June 4, 2007 and received confirmation from Landbankers of his purchase. He understood that he was investing in a real estate development in Mexico that would eventually involve a resort complex, condominiums, a golf course and an airport. He testified that Friesen made no attempt to determine his personal financial circumstances.

2. Investor 1 was promised large returns on his investment.

3. Friesen told Investor 1 that if he convinced others to invest in Landbankers he would be rewarded with additional shares. He was given a promotional package that included a DVD. Investor 1 testified that he had received additional shares by encouraging at least one Saskatchewan resident to invest in Landbankers.

4. Investor 1 has had no contact with anyone from Landbankers from 2008 to the date of the hearing and has not received either the return of his principal or any return on his investment.

Witness 2 (Investor 2) testified as follows:

5. Investor 2 testified that he had heard about Landbankers from Investor 1 and that he was subsequently shown a video presentation on a DVD at Friesen's home in 2007. The DVD

was played at the hearing and described the project as a resort development on approximately 6.8 kilometers of beach front property on the west coast of Mexico adjacent to a turtle sanctuary. The development was to include condominiums, a golf course designed by Jack Nicklaus, an airport and a marina. The video also described the one billion shares that were being offered as preferred shares that would pay dividends and that would increase in value when the company went public.

6. Investor 2 decided to invest in Landbankers. From December 4 -6, 2007, Investor 2 received emails from Ed and Kim Moore, Friesen and McAdam regarding his potential investment and shortly thereafter Investor 2 sent a cheque for $5,000 CDN to Landbankers. Investor 2 did not receive a share certificate from Landbankers. He was told that he could look at his shares online, but he was never able to do so.

7. Investor 2 testified that he was not asked any questions about his personal financial situation.

8. On December 17, 2007, shortly after making his investment, Investor 2 received an email from Roger Ayuso, who held himself out as the CEO of Landbankers, advising of allegations being made by the Saskatchewan Financial Services Commission against Landbankers. The email offered to refund the money invested by any Saskatchewan investor. Believing that he had been ripped off, Investor 2 did not respond to the email and made no attempts to get his money back. Investor 2 believed that any refunds would be handled by SFSC staff.

9. Investor 2 heard nothing from Landbankers from December 17, 2007 to May 3, 2013, at which point he received an email asking him to provide his banking details so that Landbankers could provide him with a refund. Investor 2 was nervous about providing personal information and had not responded to this email as at the date of the hearing.

Witness 3 (Investor 3) testified as follows:

10. Investor 3 testified that while on vacation in Mexico, on the advice of Friesen, he made an initial investment of $1,000 US for an interest in lots in an RV park in Nevada. Investor 3 understood that Friesen was an "extremely enthusiastic investor" rather than a salesperson. Investor 3 further testified that his total investment in the company that was to become Landbankers amounted to $22,500 US. In late 2006 or early 2007, Investor 3 was advised by Friesen that his investment consisted of square metres in the Mexican land project.

11. Investor 3 was encouraged to exchange his square metres of land for Landbankers preferred shares because "the shares will pay way more than the sq. meters will" and will go up in value because "to start with we will trade on the Mexican, South African and Europemarkets (sic). After that we will still go on the pinks in the U.S. and then we will IPO on the NASDEC (sic). Anyone buying shares before we IPO in the U.S. will make big

money". Friesen also advised Investor 3 that he was going to exchange his (Friesen's) square meters for Landbankers shares for 2 pesos per share.

12. Investor 3 exchanged his square meters for shares and received a copy of a share certificate indicating he was the owner of 575,000,000 Landbankers shares.

13. Investor 3 testified that he was not asked any questions about his personal financial situation but was advised that it was a high risk project and that he shouldn't invest any money he couldn't afford to lose.

14. Investor 3 was subsequently advised that the shares were selling for 3 pesos per share, then that they had increased to 5 pesos per share and would increase to $24.70 pesos per share once they were listed on the exchange. He was further advised that the development of condominiums, a Jack Nichols (sic) golf course, an airport and a marina would further increase the price of the shares

15. Investor 3 became aware of the SFSC staff's concerns with Landbankers' activities in November of 2007 when he received an email from Landbankers. In a subsequent email, dated November 29, 2007, Friesen, writing on behalf of Landbankers admitted that Landbankers was not registered in Saskatchewan because the offering was a private placement and they were not required to and further Landbankers was a Mexican company, registered in Mexico and was following that country's regulations. Friesen went on to say that he was "an enthusiast investor" who told his friends about an investment opportunity. He added that because of recent events he could no longer talk to Saskatchewan residents about Landbankers. Friesen then implied that a possible hostile takeover was the reason that Saskatchewan regulators had become involved.

16. On or about December 7, 2007, Investor 3 received an email from McAdam which indicated that Landbankers was working closely with its Canadian legal team to rectify the situation with the Saskatchewan Securities Commission but also stated that "in the meantime, you are still able to purchase shares at 5 pesos per share".

17. Investor 3 also received an email dated December 18, 2007 and a letter dated January 24, 2008 both of which acknowledged the issues Landbankers had with the SFSC and which offered a refund to any Saskatchewan investor who desired one on a first come first serve basis. Sophisticated investors were encouraged to contact their sales representative if they were interested in other refund options. Investor 3 did not request a refund because he was optimistic of a return and apparently selected another refund offer because he converted his shares to three limited partnership units plus a refund of $7,000 US.

18. As at the date of the hearing, despite repeated requests Investor 3 had not received the return of any monies from Landbankers. He also testified that it was his understanding that some investors have hired Mexican lawyers and received their money back.

Witness 4 (Investor 4) testified as follows:

19. Investor 4 testified that he made his initial investment in a company related to Landbankers sometime during 2005. He further testified that he made total investments of approximately $60,000 CDN in his name and in the name of close family members. He received electronic copies of share certificates via email that evidenced his shareholdings in Landbankers.

20. Investor 4 described himself as "an excited investor" who was anxious to share the investment opportunity with others. During 2006 and 2007, he referred at least 75 Saskatchewan residents to Landbankers who collectively invested a total of $758,048 CDN and $16,500 US in Landbankers and Sierra Madre Holdings, a subsidiary of Landbankers.

21. Investor 4 testified that he didn't feel that he was part of a sales team even though he had received compensation for referrals from Friesen who also provided him with minutes of Landbankers sales meetings.

Witness 5 (Ed Rodonets) testified as follows:

22. Rodonets is currently the Deputy Director of Enforcement, Securities Division of the Financial and Consumer Affairs Authority of Saskatchewan and was the lead investigator on the Landbankers file. He testified that he began investigating Landbankers activities in the fall of 2007.

23. Early in his investigation, Rodonets made contact with Friesen via email through the use of a covert identity- Frank Clark (Frank). As Frank, Rodonets exchanged a number of emails with Friesen, during which Friesen, on behalf of Landbankers offered Frank shares in Landbankers for purchase, and gave him a copy of a Share Purchase Application. Frank was advised by Friesen that Landbankers had about 150 to 200 investors in Saskatchewan and that its shares were going to be listed on the Mexican stock exchange in 2008.

24. Further into the investigation, Rodonets obtained and executed a search warrant at Friesen's home. A number of items were seized including an iPod from which a forensic expert was able to download a contact list. A copy of the contact list was entered as evidence at the hearing. The contact list contained 674 names. Rodonets was able to identify 35 of the names as individuals that had either invested in Landbankers or were somehow associated with it.

25. Rodonets believed that Landbankers had probably raised around $5.0 million from investors in Canada. Counsel submitted that based on evidence obtained from Investor 4, Landbankers, more likely than not, had raised upwards of $3.0 million from Saskatchewan investors.

26. Rodonets met with local counsel that had been retained by Landbankers in early 2008 to discuss a resolution of the Staffs' concerns with Landbankers activities. He testified that no resolution was reached and, shortly after the meeting, he was advised that counsel for Landbankers had withdrawn from the file. He also testified that there had been no contact

with Landbankers since 2008 and to the best of his knowledge no refunds to Saskatchewan investors resulted from his meeting with counsel for Landbankers.

27. Rodonets testified that Landbankers has never been registered in any capacity with the FCAA or with the predecessor SFSC; that he was not aware of any exemptions in Saskatchewan securities that may be applicable to Landbankers; that Landbankers had not made any filings to indicate that it was claiming or had claimed an exemption nor had it been issued any receipts for any filings. He also testified that Landbankers has never received written permission from the Director to make any representation to potential investors that its shares will be traded on any exchange.

PANEL'S ANALYSIS OF THE EVIDENCE AND THE ALLEGATIONS OF STAFF

A necessary condition for a panel to order sanctions against a respondent is that it must satisfy itself that the financial transactions under consideration involved securities as defined in the Act. Each of the four investors who testified, as well as Frank, were offered shares for sale by Landbankers or Friesen acting as agent for Landbankers. Section 2(1)(ss)(v) of the Act identifies a "share" as a security. Thus the panel has concluded that the shares of Landbankers offered for sale to Saskatchewan investors were securities.

The Panel noted that in the Settlement Agreement between the Staff, and Kelly Friesen and Sonja McAdam, Friesen admitted to contravening the following sections of the Act:

- section 27, trading and advising in securities in Saskatchewan without being registered to do so;
- section 44, giving an undertaking that securities would be listed on an exchange and have a certain future value
- section 55.14, trading securities to investors in Saskatchewan in contravention of a cease trade order issued by the Director.

The Panel considered each of the alleged violations of the Act by Landbankers:

Acting as a dealer in Saskatchewan while not registered to do so, contrary to section 27(2)(a) of the Act.

The Panel heard testimony from Investors 1, 2 and 4 that they purchased shares in Landbankers for cash. Investor 3 testified that he had converted his interest in square meters of land for shares. The Panel concluded that when the investors were solicited and then sold shares for valuable consideration either by Landbankers or through its agents, Landbankers traded in securities. Further evidence introduced at the hearing suggested that upwards of 75 additional residents of Saskatchewan may have purchased shares from Landbankers or its agents. The Panel therefore further concluded that Landbankers had engaged in the business of trading in securities in Saskatchewan. The Act defines a dealer as "a person or company engaging or holding himself, herself or itself out as engaging in the business of trading in securities or exchange contracts as principal or agent".

Rodonets testified that Landbankers has never been registered in any capacity with SFSC or FCAA. The Panel concluded that Landbankers had acted as a dealer in securities in Saskatchewan without being registered to do so, in direct contravention of subsection 27(2)(a) of the Act.

Trading in a security where the security would be distribution while no preliminary prospectus or prospectus relating to the distribution has been filed and no receipt issued for the same, contrary to subsection 58(1) of the Act.

The Act defines a distribution and subsection 2(1)(r) as "a trade in a security of an issuer that has not been previously issued". Section 58(1) of the Act requires that a prospectus or preliminary prospectus be filed with the Director and a receipt must be issued before securities can be distributed to the public. In each of the transactions with the investors who testified, Landbankers issued shares that had not previously been issued. Indeed the fact that the shares had not been issued was touted to potential investors as a reason to invest because the potential returns would be higher than if the shares were currently trading.

National Instrument 45-106 provides an exemption from subsection 58(1) of the Act if securities are sold to "accredited investors". The onus is on the distributor of the securities or his agent to make a diligent determination as to whether or not the prospective investor qualifies as an accredited investor and to file a confirmation of any trade made under this exemption with the Authority. The evidence provided by Investors 1, 2 and 3 was that neither Landbankers nor its agents made a diligent attempt to determine whether or not they qualified as accredited investors. Rodonets also testified that nothing has been filed and no receipt has been issued with respect to the distribution.

Evidence was introduced that suggests that Landbankers may have been relying on the private placement exemption which does not require registration or filing documents. The Panel determined that the distribution of shares by Landbankers did not qualify for the private placement exemption.

The Panel therefore concluded that Landbankers contravention of subsection 58(1) of the Act cannot be saved by any exemptions under the Act.

Acting as an advisor in Saskatchewan while not registered to do so contrary to subsection 27(2)(b) of the Act.

An "advisor" is defined at subsection 2(1)(a.1) of the Act as "a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying of or the selling of securities or exchange contracts". Subsection 27(2)(b) of the Act requires that a person acting as an advisor must be registered as an advisor or as a representative of an advisor.

The Panel determined that Friesen's recommendations to Investor 3 and the numerous emails advising that the shares were going up in value and would continue to go up in value amounted to giving advice and acting as an advisor. Since Landbankers has never been registered in any

capacity with the FCAA or its predecessors, the Panel determined that Landbankers was in contravention of subsection 27(2)(b) of the Act.

Giving an undertaking relating to the future value or price of a security with the intention of effecting a trade in that security contrary to subsection 44(2) of the Act;

Subsection 44(2) of the Act states:

> "No person or company shall, with the intention of effecting a trade in a security in a security or exchange contract, give any undertaking, written or oral, relating to the future value or price of that security or exchange contract"

Investor 3 testified that he was assured on several occasions that the price of his shares were going up and that he should purchase additional shares because the price would continue to rise. The Panel concluded that these assurances were undertakings and in making these undertakings, Landbankers contravened subsection 44(2) of the Act.

Making a representation that a security will be listed on an exchange with the intention of effecting a trade in that security, without having written permission from the Director contrary to subsection 44(3) of the Act.

Subsection 44(3) of the Act states:

> "Except with the written permission of the Director, no person or company shall, with the intention of effecting a trade in a security, make any representation, written or oral, that;
>
> (a) the security will be listed on any exchange."

Investor 3 testified that he was told on many occasions by representatives of Landbankers that Landbankers was going public and that he should buy more shares before it did, to ensure higher returns. Emails to Investor 3 and to Frank, and the promotional DVD made substantially the same claim. Rodonets testified that no written permission was given by the Director to make such claims. The Panel concluded that Landbankers through it agents had contravened subsection 44(3) of the Act.

Failing to comply with a decision of the Commission or Director made pursuant to Saskatchewan securities laws contrary to subsection 55.14 of the Act.

Subsection 55.14 of the Act states:

> "No person or company shall fail to comply with any decision of the Commission or the Director made pursuant to Saskatchewan securities laws"

Investor 2 testified that he had purchased Landbankers shares in December 2007. Rodonets testified that a Temporary Cease Trade Order against Landbankers and Friesen had been issued on November 26, 2007. He further testified that Roger Ayuso had confirmed the receipt of the Order via email on November 28, 2007. Investor 3 testified that he was contacted by

Landbankers in December 2007 discussing the problems Landbankers was having with the Securities Commission and offered a refund option for sophisticated investors. The refund option which Investor 3 apparently accepted involved the conversion of his shares in Landbankers for cash and limited partnership units. The Panel concluded that in making the trade with Investor 2 and the solicitation to Investor 3, Landbankers had knowingly violated subsection 55.14 of the Act.

ANALYSIS OF THE SANCTIONS REQUESTED BY STAFF:

In its review of the staff's request for sanctions against Landbankers, it reviewed the actions of Investors 1 and 4 and the sanctions imposed on Friesen and McAdam in the settlement agreement.

Investor 4 described himself as an "excited investor", rather than a salesperson, who was anxious to introduce others to the potentially lucrative investment. Evidence introduced at the hearing led the panel to conclude that the term "excited investor" was a suspicious euphemism and that Investor 4 had in all material respects acted as a salesman and advisor without being registered to do so. Investor 4 displayed no particular remorse for his apparent violations of Saskatchewan's securities laws so that the Panel is not confident that Investor 4 will feel compelled to comply with securities laws should a similar sales opportunity arise in the future. Staff has not requested that sanctions be imposed against Investor 4 and the Panel has not made in ruling in this regard. Similarly, Investor 1 testified that he had received compensation in the form of additional shares for advising at least one other Saskatchewan investor to invest in Landbankers shares.

It appears to the Panel that Landbankers was operating a form of tiered selling arrangement in Saskatchewan and that Friesen was a leading figure in this arrangement. Although both Friesen and McAdam have ties to Saskatchewan, at the time of the hearing they were not residents of the province. A number of sanctions that will, in their totality, prohibit their future participation in the securities industry were applied against them. In addition, Friesen agreed to pay an administrative penalty of $50,000 and McAdam agreed to pay an administrative penalty of $4,500.

Staff requested that Landbankers be permanently prohibited from:

(i) trading in securities and exchange contracts with residents of Saskatchewan,
(ii) advising residents of Saskatchewan with respect to any securities, trades or exchange contracts,
(iii) acquiring securities for and on behalf of residents of Saskatchewan, and
(iv) using any of the exemptions in Saskatchewan securities laws to undertake these activities.

Staff argued that Landbankers' conduct was serious. Landbankers raised upwards of $3.0 million from Saskatchewan residents from 2004 to 2007, while unregistered and using prohibited marketing tactics and Staff argued that it did so knowingly. Staff further argued that it showed further disdain for Saskatchewan's securities laws by continuing to trade in securities when it was aware of a cease trade order prohibiting it from doing so. Staff further

argued that Landbankers showed no remorse for its wrongdoing and fashioned a story blaming others for the involvement of the SFSC in its activities. The Panel was not entirely convinced that Landbankers or its Saskatchewan agents knowingly violated Saskatchewan's securities laws since evidence was introduced that they may have mistakenly relied on a private placement exemption. Similarly the contention that Landbankers "showed disdain" for Saskatchewan securities laws by continuing to trade in securities after a cease trade order had been issued, seems exaggerated. Only two instances of a trade after the cease trade order was issued by the Director were introduced into evidence and these may very easily have been the result of misunderstanding or miscommunication. Shortly after receiving the notice of the order, the company's president was in contact with Staff, engaged local counsel and was in contact with investors offering a refund of their investments. Hearsay evidence at the hearing suggested that some investors may have indeed received refunds.

Despite repeated attempts, no representative of Landbankers has been in contact with staff since 2008. Landbankers did not respond to the Notice of Hearing and did not attend the hearing to dispute the allegations against them. Landbankers is not incorporated or registered in Canada or Saskatchewan. In similar circumstances such as *Gold Vault Metals, L.L.C. et al, and Seisma Oil Research L.L.C. et al*, panels have ordered, largely for administrative reasons, permanent prohibitions against non-resident corporations against trading, advising and acquiring securities for and on behalf of residents of Saskatchewan and the Panel believes that a permanent prohibition is appropriate in this case.

Staff argued that the maximum administrative penalty of $100,000 be assessed against Landbankers as a means of specific deterrence to Landbankers and to send a message to others that such conduct will not be tolerated. Staff drew the Panel's attention to number of cases in which significant administrative penalties were imposed. The Panel placed the greatest weight on the two Saskatchewan cases that were cited.

In *Tri-Link Consultants Inc.,* the individual and corporate respondents were found to have contravened subsections 27 (a) and 58(1) of the Act and raised $4.4 million from 67 investors in a fraudulent investment scheme. They were permanently banned from the industry, required to pay compensation orders of $1.2 million and ordered to pay an administrative penalty of $100,000. The corporate respondent was a company registered in Saskatchewan. The individual respondent was the managing mind of corporation who had been a participant in the Saskatchewan market for a number of years.

In *West African Industries et al,* the respondents were found to have contravened sections 27, 55 and 58 of the Act and raised $.77 million from 5 investors. They were banned from trading and advising in securities for a period of 5 years, ordered to pay compensation to investors in the amount of $226,000 and assessed an administrative penalty of $25,000. As was the case with *Tri-Link,* the corporate respondent was a company registered in Saskatchewan and the primary individual respondent was the managing mind of the company and had been an unregistered participant in the Saskatchewan market for a number of years. The investment was for the development of mining operations in West Africa and it was never conclusively determined whether or not the scheme was fraudulent.

The Panel in *West African* was of the opinion that for respondents who are individuals and who earn their livelihood in Saskatchewan, a temporary (as in *West African*) or a permanent ban (as in *Tri-Link*) is a more severe sanction than an administrative penalty because it deprives the individual of a future livelihood that can potentially far exceed the maximum individual administrative penalty. The Panel further noted that administrative penalty serves a secondary purpose as a deterrent to others who might be contemplating non-compliance with securities laws.

The present matter is different from the two cases cited in significant ways. In *Tri Link* and *West African*, the corporate and individual respondents were both Saskatchewan based and were virtually one and the same; so that the sanctions were in effect imposed collectively on the corporate and individual respondents. In the present matter, Landbankers is a non-resident corporation that recruited Saskatchewan residents as salespersons and, by virtue of the settlement agreement, sanctions have already been imposed on the individual respondents.

Staff argued that specific deterrence in the form of the maximum administrative penalty is required to deter Landbankers from failing to comply with Saskatchewan securities laws in the future. The Panel takes the view that the prohibitions imposed on the respondents who are individuals, alert any Saskatchewan resident who might contemplate becoming involved with sales activities on behalf of Landbankers of the serious consequences that await them. The Panel is of the further view that this warning combined with the trading prohibitions against Landbankers, are effective deterrents against Landbankers future involvement in Saskatchewan's securities markets. Because of the relatively large number of investors and the amount of money involved, the Panel believes that significant general deterrence is warranted and concluded that an administrative penalty of $50,000 was appropriate.

Pursuant to section 161 of the Act, the Staff requested that the Respondent should pay the costs of and related to the hearing. The Respondent did not attend the hearing and made no attempt to respond to the Notices and emails sent to them. The lack of co-operation resulted in the Authority incurring greater costs than would otherwise have been the case. The Panel was determined that Staffs request for costs is appropriate and will award those costs identified in section 161(2) of the Act and subsection 1(7) of the Appendix A of the Regulation 1 that would not have been incurred but for the wrongful acts of the Respondent.

During its consideration of the Settlement agreement, the Panel was advised that staff believe that some investors may have received a return of part or all of their investment and that other investors were attempting to do so. Staff did not apply for compensation orders and the Panel has not made a ruling in this regard.

DECISION OF THE PANEL:

Based on the evidence presented, the Panel has determined it is in the public interest to order, and the Panel hereby orders, that:

1. The exemptions in Saskatchewan securities law do not apply to the Respondent.

2. The Respondent cease trading in any securities or exchange contracts with residents of Saskatchewan.

3. The Respondent cease advising residents of Saskatchewan with respect to any securities, trades or exchange contracts.

4. The Respondent cease acquiring securities for and on behalf of residents of Saskatchewan.

5. The Respondent pay an administrative penalty of $50,000.

6. A declaration by staff as to whether or not it intends to request compensation orders for one or more Saskatchewan residents be received by the Registrar by the end of the day on February 28, 2014.

The Panel retains its jurisdiction to hear further submissions from the Parties in relation to costs of and related to the hearing, and it issue an Order arising out of those further submissions in due course.

Dated at Regina, Saskatchewan, February 6, 2014.

[redacted]

Gordon D. Hamilton, Panel Chairperson

[redacted]

Mary Ann McFadyen

[redacted]

Paul Robinson