

ALBERTA SECURITIES COMMISSION

NOTICE OF HEARING

Citation: Aspen Springs Capital Group Inc., Re, 2012 ABASC 13 Date: 20120112
Docket: ENF-007308

Securities Act, R.S.A. 2000, c. S-4 (Act)

To: Aspen Springs Capital Group Inc., Sundre Development Ltd. (aka Aspen Springs Lake Resort) and William Joseph Sander (the Respondents)

Notice: The Alberta Securities Commission (**Commission**) will convene on Wednesday, January 18, 2012, at 9:00 a.m., for a hearing to consider whether it is in the public interest to extend the interim cease trade order granted in this matter on January 25, 2011.

Location: Alberta Securities Commission, Suite 600, 250 – 5th Street SW, Calgary, Alberta.

Procedure: 1. Natasha Bazant is representing Staff of the Commission in this matter and she can be contacted at: c/o Alberta Securities Commission, Suite 600, 250 – 5 Street SW, Calgary, Alberta, T2P 0R4, telephone 403.297-6454.
2. You may be represented by legal counsel and you or your counsel may make representations and introduce relevant evidence at the hearing.
3. If you or your counsel fail to attend on the 18th day of January, 2012, at 9:00 a.m., or as otherwise directed, the hearing may proceed in your absence and an order may be made against you without further notice.

See also section 29 of the Act and Commission Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.

Allegations

Summary of Breaches

1 Staff of the Commission (**Staff**) allege that Aspen Springs Capital Group Inc. (**Aspen Springs**), Sundre Development Ltd. (aka Aspen Springs Lake Resort) (**SDL**) and William Joseph Sander (**Sander**) (collectively, the **Respondents**), have engaged in illegal trading and distribution in Alberta of shares of SDL and have further made prohibited statements. The Respondents have thus acted contrary to the public interest.

Parties

2 SDL is a body corporate formed pursuant to the laws of Alberta. SDL has not filed a prospectus with the Executive Director of the Commission, nor received a receipt for a prospectus, and is not a reporting issuer in Alberta. It has not registered with the Executive Director of the Commission in any capacity.

3 Aspen Springs is a body corporate formed pursuant to the laws of Alberta. Aspen Springs has not registered with the Commission in any capacity.

4 Sander is a Director of both Aspen Springs and SDL. Sander has not registered with the Executive Director of the Commission in any capacity.

Orders

5 The Commission issued an interim cease trade order against all three Respondents on July 21st, 2010 (**ICTO**). It then issued on August 4th, 2010, an order extending the ICTO until (and including) February 4th, 2011. It further extended the Order on January 25, 2011, to last until January 25, 2012 (the **Extended Order**).

Circumstances

6 SDL owns property in the County of Mountain View near Sundre, Alberta. It has indicated that it will seek to subdivide these lands and create a 4-season recreational development called Aspen Springs Lake Resort. SDL has yet to apply to the County of Mountain View for subdivision approval.

7 In 2010, Aspen Springs promoted Aspen Springs Lake Resort and the sale of shares in SDL through newspaper advertisements and a website. The advertisements and website invited persons interested in buying a lot in the Aspen Springs Lake Resort to contact it. When interested parties contact Aspen Springs, they were told that it is preferred shares of SDL that are available for sale and that these SDL shares would be convertible for lots in the Aspen Springs Lake Resort when the development is subdivided.

8 Sander has personally been involved in selling preferred shares in SDL to investors interested in obtaining lots in Aspen Springs Lake Resort.

9 Staff alleges that these preferred shares of SDL are securities within the meaning of the Act and their sale constituted a “trade” and a “distribution” for the purposes of the Act. Alberta

securities laws in force at the time required in the case of such a distribution that the issuer file a prospectus and the dealer register with the Commission, except where the circumstances of the particular investor met the terms of specific exemptions to these requirements.

10 SDL has filed with the Commission Reports Exempt Distributions (**REDs**) pursuant to National Instrument 45-106. These REDs appear to state that SDL distributed shares to investors, without filing and obtaining a receipt for a prospectus, by relying in part on the “friends, family and business associates” (**FFBA**) exemptions set out in Section 2.5 of National Instrument 45-106. SDL has reported that it raised approximately \$1,055,000 from investors relying primarily on the FFBA exemption, although the REDs in a few cases also refer to the “accredited investor” exemption.

11 Many of the investors that SDL reported in its REDs as qualified under the FFBA exemption were in fact not close friends, family members or business associates of any director, officer or control person of SDL.

12 Aspen and Sander participated in the distribution of SDL securities by SDL to unqualified investors.

13 As no exemption applied in many cases, the Respondents were not entitled to distribute or trade securities to individuals in the absence of SDL obtaining a receipt for a final prospectus respecting such securities and Aspen Springs and Sander registering with the Commission as dealers.

14 In the course distributing SDL shares, the Respondents have made prohibited statements regarding the Aspen Springs Lake Resort. In particular, the Respondents have made misleading or untrue statements regarding the status of subdivision and other regulatory approvals, the number of lots the Aspen Springs Lake Resort will have available for sale after subdivision, and the degree to which the Aspen Springs Lake Resort development is complete.

15 The Respondents’ statements regarding the status of subdivision and regulatory approval, the number of recreation lots available, and the degree of development at the Aspen Springs Lake Resort all would reasonably be expected to have a significant effect on the market price or value of SDL securities.

16 Staff conducted an initial investigation into the conduct described above before applying for the ICTO and Extended ICTO. Staff have continued to investigate the Respondents’ compliance with Alberta securities laws since the Commission issued the ICTO and Extended ICTO. Further time is required to complete the investigation and prepare for a hearing. Staff states it is in the public interest that the ICTO against the Respondents be further extended so that the public is protected while Staff finalizes its investigation and prepares for hearing.

Breaches

17 As a result of the above, Staff alleges as follows:

17.1 The Respondents breached section 110(1) of the Act by participating in the distribution of SDL securities without SDL having obtained a receipt for a filed

prospectus in circumstances where the prospectus exemption SDL claimed for particular investors was not applicable;

17.2 Sander and Aspen Springs breached section 75(1) of the Act by trading in SDL shares without registering with the Commission in circumstances where the registration exemption SDL claimed for particular investors was not applicable;

17.3 All of the Respondents breached section 92(4.1) by making prohibited representations about the Aspen Springs Lake Resort development.

18 Staff further alleges that the Respondents' misconduct described above constitutes conduct that is contrary to the public interest.

Calgary, Alberta, 12 January 2012.

) ALBERTA SECURITIES COMMISSION
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) *“Original Signed By”*
) _____
) W.E. Brett Code
) Director, Enforcement