

ALBERTA SECURITIES COMMISSION
SETTLEMENT AGREEMENT AND UNDERTAKING

Citation: Concrete Equities Executive Club Inc., Re, 2008 ABASC 729

Date: 20081222

Docket: E/03980

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

Concrete Equities Executive Club Inc.

Agreed Facts

Introduction

1 The staff of the Alberta Securities Commission (respectively, **Staff** and **Commission**) conducted an investigation into allegations that Concrete Equities Executive Club Inc. (**CEEC**) breached the Alberta securities laws by engaging in an illegal distribution of securities, and acted contrary to the public interest.

2 The investigation confirmed and CEEC admits that it breached those sections of the *Act* and Rules referred to in this Settlement Agreement and Undertaking (**Agreement**), and that it acted contrary to the public interest.

3 Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertaking referred to in paragraph 13, CEEC agrees to the facts and consequences set out in this Agreement.

4 Terms used in this Agreement have the same meaning as provided in the Alberta securities laws, a defined term in the *Act*.

Parties

5 At all material times, CEEC was a corporation registered to do business in Alberta, with its head office in Calgary. It was not a reporting issuer in Alberta and was not registered in any capacity with the Executive Director of the Commission (**Executive Director**).

Circumstances

6 Up to and including June 2, 2008, CEEC promoted and sold Class B shares to 18 Alberta investors, raising \$1,620,000. CEEC used the funds to qualify itself as an accredited investor and invest in Safeguard Real Estate Investment Fund 7 Limited Partnership. CEEC investors were promised a one year return of 20%.

7 No exemptions from the prospectus and registration requirements were available for 13 of the subscribing Alberta investors. Further, at no time was a preliminary and final prospectus filed with the Commission for the trades in the CEEC securities, and no receipts were issued for such filings by the Executive Director.

8 CEEC admits that the Class B shares were securities as defined in the *Act*, and that the sales of the Class B shares to the Alberta investors were trades as defined in the *Act*. Further, as trades in securities of an issuer that had not been previously issued, CEEC admits that the sales of the Class B shares were also distributions under the *Act*.

Breaches

9 As a result of the conduct outlined above, CEEC admits that it breached:

9.1 subsection 75(1) of the *Act*, by trading in its securities with Alberta residents without being registered with the Executive Director; and

9.2 section 110 of the *Act*, by distributing its securities to Alberta investors without filing and receiving a receipt for a preliminary and final prospectus from the Executive Director.

10 CEEC acknowledges that its failure to comply with the registration and prospectus requirements in the *Act* amounted to conduct that was contrary to the public interest.

Other Circumstances Relevant to Settlement

11 CEEC has not been previously sanctioned by the Commission and has cooperated with Staff during the investigation.

12 This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement Payments and Undertakings

13 Based on these facts and admissions, CEEC undertakes to the Executive Director upon execution of this Agreement:

13.1 to make a general offer of rescission and refund to all CEEC investors;

13.2 to rescind the subscription agreements of the 13 unqualified Alberta investors, and refund their investments;

13.3 to pay to the Commission the amount of \$80,000 in settlement of the allegations;

13.4 to pay to the Commission the amount of \$2,000 towards investigation costs; and

13.5 to provide the Commission with an affidavit confirming that the offer of rescission and refund was made to all 18 investors, and that the subscription agreements executed by the 13 unqualified investors have been rescinded and their funds returned.

Administration

14 CEEC acknowledges that it has sought independent legal advice and that it has voluntarily made the admissions herein.

15 CEEC waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.

16 CEEC acknowledges that this Agreement may be referred to in any other proceedings under the *Act*.

17 The Agreement resolves all issues involving CEEC as described in the attached paragraphs, and Staff will take no further steps against CEEC arising from these facts.

Signed by Concrete Equities Executive)
Club Inc. at Calgary,)
Alberta this 1st day of)
December 2008, in the presence of:)

Jackie Gruber)
WITNESS NAME)

"original signed by")
SIGNATURE)

"original signed by")
Concrete Equities Executive Club Inc.)

) ALBERTA SECURITIES COMMISSION)

Calgary, Alberta, 22 December 2008)

) "original signed by")
) John P. Petch)
) Director, Enforcement)