

ALBERTA SECURITIES COMMISSION

NOTICE OF HEARING

Citation: LandBankers International MX, S.A. de C.V., 2007 ABASC 946

Date: 20071228

Docket: E/03781

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

To: LandBankers International MX, S.A. de C.V., BonZac Asociados S.A. de C.V., and Kelly Friesen

(the Respondents)

Notice: The Alberta Securities Commission (Commission) will convene on Friday, the 11th day of January, 2008, at 9:00a.m. for a hearing to consider whether it is in the public interest to extend its interim order granted on Friday, the 28th day of December 2007.

Location: Commission, 6th Floor, 300 – 5th Avenue SW, Calgary, Alberta.

Procedure:

1. You may obtain particulars of the allegations in this Notice from Tom Percy, Alberta Securities Commission, 4th Floor, 300 - 5th Ave. S.W. Calgary. AB, T2P 3C4, Phone 355-4165.
2. You may be represented by legal counsel at the hearing and you or your counsel may make representations and introduce relevant evidence.
3. If you or your counsel fail to attend on January 11, 2008, or as directed, the hearing may proceed in your absence and an order made against you without further notice.

See also section 29 of the Act.

Allegations

Summary of Breaches

1. Staff of the Commission (Staff) alleges that the Respondents LandBankers International MX, S.A. de C.V. (LandBankers), BonZac Asociados S.A. de C.V. (BonZac), and Kelly Friesen (Friesen), engaged in illegal trades and distributions of securities of LandBankers to Albertans.

Parties

2. LandBankers is a corporation based in Puerto Vallarta, Mexico. It has never been registered in any capacity with the Executive Director of the Commission (Executive Director). No preliminary or final prospectus has ever been filed with the Commission and a receipt issued by the Executive Director for the distribution of any securities of LandBankers.

3. On its website, www.landbankersinternational.com, LandBankers promotes itself as a:

(a) highly profitable, fast growing land banking company based in Puerto Vallarta, Mexico; and

(b) privately held company with over 1400 investors, many of whom have invested several times.

4. BonZac Asociados S.A. de C.V. (BonZac), a subsidiary of LandBankers, oversees the administrative and management details for LandBankers and several other subsidiaries. Representatives of LandBankers and its subsidiaries are employed and paid through BonZac, and all financial responsibilities of LandBankers and its subsidiaries are handled by BonZac. BonZac has never been registered in any capacity with the Executive Director.

5. Friesen is a resident of Warman, Saskatchewan. Friesen, who acts on behalf of LandBankers, has never been registered in any capacity with the Executive Director.

Circumstances

6. Through telephone calls, e-mail canvassing, promotional meetings, and personal contact with Alberta residents, Friesen and LandBankers have in Alberta:

(a) solicited investments in LandBankers and represented that the securities of LandBankers were not required to be registered because they are a Mexican investment;

- (b) sold securities of LandBankers to residents of Alberta; and
- (c) represented that the LandBankers securities would be going on “the open market” once LandBankers commenced construction.

7. Through these efforts, in Alberta Friesen and Landbankers have sold or attempted to sell securities of LandBankers to Alberta residents as follows:

7.1 to M.N., who invested \$5,000 at a time in 2007 that is currently being investigated;

7.2 to G.C., who contemplated making a \$5,000 investment for 10,000 shares; and

7.3 to two other couples who invested in August 2007, the details of the investment being currently under investigation.

8. Recently, on November 9, 2007, Friesen and LandBankers presented an investment seminar to approximately 40 residents of Red Deer, Alberta. During the presentation, Friesen solicited investments in LandBankers, instructing attendees to make investment cheques out to LandBankers International Mexico, and to send the cheques to Friesen in Warman, Saskatchewan.

9. LandBankers’ Share Purchase Application, provided to prospective investors, states that “[t]he Applicant appoints as managers of the project BonZac Asociados S.A. de C.V., whose duty it shall be to manage and supervise all aspects of the LandBanking Project for the benefit of each of the respective investors.”

10. Staff alleges that the sales and attempted sales of the LandBankers securities in Alberta to Alberta investors constituted a trade as defined in the *Act*. Further, as a trade in securities of LandBankers that had not previously been issued, the sales of the Landbankers shares to M.N. and the two as yet unidentified couples were distributions under the *Act*.

11. Staff also alleges that during the November 9, 2007, presentation, and in an earlier telephone conversation with G.C., Friesen represented that once LandBankers started construction of condos in Mexico, that the LandBankers shares would “be going on the open market”. At no time did Friesen have the written permission of the Executive Director to make such a representation.

Breaches

12. As a result of the above, Staff alleges that:

12.1 the Respondents breached subsection 75(1)(a) of the *Act* by trading in securities of LandBankers without registration as a salesperson with the Commission;

12.2 the Respondents breached subsection 110(1) of the *Act* by engaging in a distribution of securities of LandBankers without a prospectus and without any appropriate exemptions;

12.3 Friesen breached subsection 92(3)(b)(i) of the *Act* by representing without the requisite permission that the LandBankers securities would be going on the open market;

12.4 Friesen breached subsection 92(4.1)(a) of the *Act* by making a statement that the LandBankers securities were not required to be registered because they were Mexican, when he knew or ought to have known that the statement was misleading or untrue;

12.5 Friesen breached subsection 92(4.1)(a) of the *Act* by making a statement that the LandBankers securities would be going on the open market when he knew or ought to have known that the statement was misleading or untrue.

13. Staff alleges that the failure of the Respondents to comply with the registration and prospectus requirements of the *Act*, and the misleading or untrue statements of Friesen on behalf of LandBankers, amounts to conduct that was contrary to the public interest.

Calgary, Alberta, 28 December 2007.) ALBERTA SECURITIES COMMISSION
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) "Original Signed By"
) _____
) John P. Petch
) Director, Enforcement