

ALBERTA SECURITIES COMMISSION

Citation: Re VANTOOREN, Klaas, 2017 ABASC 187

Docket: ENF-011333

Date: 20171219

**SETTLEMENT AGREEMENT
AND UNDERTAKING**

Klaas Vantooren

Agreed Facts

Introduction

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into Klaas Vantooren (**Vantooren**) to determine if Alberta securities laws had been breached.
2. The investigation confirmed, and Vantooren admits, that he breached those sections of the *Securities Act*, RSA 2000, c S-4, as amended, (**Act**), referred to in this Settlement Agreement and Undertaking (**Agreement**), and that he acted contrary to the public interest.
3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to in paragraph 27 and for no other use or purpose, Vantooren 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 Vantooren was a resident of Rocky View County, Alberta and was registered under the *Act* as a dealing representative for certain exempt market dealer (**EMD**) firms.
6. Vantooren was a director and shareholder (through his corporation The Premier Financial Group Inc.) of Alberta corporations Kredo Ranch Ltd. (**Kredo Ranch**), 1740247 Alberta Ltd. (operating as Summersaults of Bentley – **Summersaults**), and National Flood Strategies Corp. (**NFSC**).

Circumstances

7. As a dealing representative, Vantooren was only registered to sell securities approved for sale by the EMD firms. EMD-approved securities are subject to extensive due diligence and all sales must be reported to the chief compliance officer at the EMD firm.

Lack of Registration

8. From approximately 2012 to 2015, Vantooren raised funds from the sale to Albertans of securities of Kredo Ranch, Summersaults and NFSC. In total, Vantooren raised approximately \$657,000 from at least eight investors, some of whom invested in several projects. All of the investors were Vantooren's clients through EMD firms, and all knew he was an experienced dealing representative.

(i) Kredo Ranch

9. Kredo Ranch was a real estate development company, engaged in the development of a community near DeWinton, Alberta.
10. Vantooren raised approximately \$200,000 from the sale of preferred shares to three investors. At least one investor did not qualify for the accredited investor exemption under the *Act*, and the Kredo Ranch preferred shares were not approved for sale by any of the EMD firms.

(ii) Summersaults

11. Summersaults is a real estate development company, engaged in residential development in Bentley, Alberta.
12. Vantooren provided information regarding Summersaults to certain of his clients and provided Summersaults with his clients' contact information. From these efforts, two of Vantooren's clients invested \$157,000 with Summersaults, \$51,000 in the form of a syndicated mortgage, and \$106,000 in loans. At least one investor did not qualify for any exemptions under the *Act*, and the mortgage and loans were not approved for sale by any of the EMD firms.

(iii) NFSC

13. NFSC was involved in flood mitigation products.
14. Vantooren raised at least \$300,000 for NFSC through loans from six of his clients. At least two investors did not qualify for any exemptions under the *Act*, and the loans were not approved for sale by any of the EMD firms.

Misrepresentations

15. In approximately June 2013, Vantooren informed the Kredo Ranch investors that the project was not feasible. Vantooren recommended that their Kredo Ranch funds be

reinvested in Green Haven Estates Construction & Development Inc. (**Green Haven**), a real estate development project near Okotoks, Alberta.

16. At least two Kredo Ranch investors agreed to reinvest in Green Haven, on representations from Vantooten that all of their original investment in Kredo Ranch would be reinvested in Green Haven and the Green Haven shares would provide a return of 8%.
17. These representations were misleading or untrue, as only a portion of the original investment in Kredo Ranch was available for reinvestment in Green Haven and the rate of return on Green Haven shares was 6%.
18. The representations made by Vantooten were intended to and did influence investors to purchase securities of Green Haven, and would reasonably be expected to have a significant effect on the market price or value of Green Haven securities.
19. At least one Green Haven investor did not qualify for any exemptions under the *Act*, and the securities were not approved for sale by any of the EMD firms.

Illegal Distributions

20. The Kredo Ranch preferred shares, Summersaults syndicated mortgage and loans, NFSC loans, and Green Haven shares were all securities as defined in the *Act*. No preliminary prospectus or prospectus was filed with the Commission, nor was a receipt issued, for any of these securities.
21. Vantooten's activities constituted trades as defined in the *Act*. Further, as the securities were not previously issued, the trades were distributions under the *Act*.

Admitted Breaches of Alberta Securities Laws (Admitted Breaches)

22. Based on the Agreed Facts, Vantooten admits he breached:
 - 22.1 section 75(1)(a) of the *Act*, by acting as a dealer without registration and without an exemption from that requirement;
 - 22.2 section 92(4.1) of the *Act*, by making statements that Vantooten knew, or reasonably ought to have known, were misleading or untrue in a material respect, or which failed to state a fact necessary to make a statement not misleading, and which would reasonably be expected to have a significant effect on the market price or value of the Green Haven securities; and
 - 22.3 section 110 of the *Act*, by engaging in a distribution of securities without a prospectus or appropriate exemption.

Circumstances Relevant to Settlement

23. Vantooten has not been previously sanctioned by the Commission.

24. There is no evidence that Vantooren received a financial benefit as a result of any of the breaches of Alberta securities laws.
25. Vantooren has received partial credit for exemplary cooperation.
26. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement and Undertakings

27. Based on the Agreed Facts and Admitted Breaches, Vantooren agrees and undertakes to the Executive Director of the Commission to:
 - 27.1 Pay to the Commission the amount of \$10,000 in settlement of all allegations against him;
 - 27.2 Except as specifically outlined below, refrain for a period of 10 years from the date of this Agreement from:
 - 27.2.1 trading in and purchasing securities or derivatives, except trades that are made through a registrant (who has first been given a copy of this Agreement) in accounts maintained with that registrant for the benefit of one or more of himself and members of his immediate family, “immediate family” being understood to mean his spouse and dependent children;
 - 27.2.2 using any of the exemptions contained in Alberta securities laws;
 - 27.2.3 advising in securities or derivatives;
 - 27.2.4 becoming or acting as a registrant, investment fund manager or promoter;
 - 27.2.5 acting in a management or consultative capacity in connection with activities in the securities market; and
 - 27.2.6 resign any positions he has as a director or officer, or both, of any issuer, registrant, or investment fund manager, and to refrain from becoming or acting in that capacity.

Administration

28. Vantooren acknowledges that he received independent legal advice and has voluntarily made the admissions and undertakings in this Agreement.
29. Vantooren waives any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
30. Vantooren acknowledges and agrees that the Commission may enforce this Agreement in the Court of Queen's Bench or in any other court of competent jurisdiction.

- 31. Vantooten understands and acknowledges that this Agreement may form the basis for securities-related orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow for provisions of a settlement agreement made in this matter to be given parallel effect in those other jurisdictions automatically, without further notice to him. Vantooten understands and acknowledges that he should contact the securities regulator of any other jurisdiction in which he may intend to engage in any securities related activities.
- 32. Execution and fulfillment of the terms of this Agreement by Vantooten resolves all issues involving Vantooten relating to the conduct described above, and Staff will take no further steps against him arising from these facts.
- 33. This Agreement may be executed in counterpart.

Signed by KLAAS VANTOOREN at)
Genelle, BC this 18 day of December)
2017, in the presence of:)

Ronald M. Christiansen)
WITNESS NAME)

“Original Signed By”)
SIGNATURE)

“Original Signed By”)
KLAAS VANTOOREN)

) ALBERTA SECURITIES COMMISSION
)

Calgary, Alberta, 19 December 2017)

) “Original Signed By”)
) David C. Linder, Q.C.)
) Executive Director)