

## ALBERTA SECURITIES COMMISSION

**Citation: Re Vermeeren, 2015 ABASC 929**

**Docket: ENF-008812**

**Date: 20151106**

### NOTICE OF HEARING

**To: Douglas John Vermeeren**

**Notice:** The Alberta Securities Commission (the **Commission**) will convene at **9:30 a.m.** on **Tuesday, November 24, 2015**, at Calgary, Alberta, to set a date for hearing regarding the allegations in this Notice. At the hearing, the Commission will consider whether it is in the public interest to make orders against you under sections 198, 199, and 202 of the *Securities Act*, RSA 2000, c. S-4, as amended (the *Act*).

**Location:** Alberta Securities Commission, 5<sup>th</sup> Floor, 250 – 5 Street SW, Calgary, Alberta.

**Procedure:**

1. You may obtain disclosure and particulars of the allegations in this Notice from Adrienne Wong, c/o Alberta Securities Commission, 600, 250 - 5 Street SW, Calgary, Alberta, T2P 0R4, telephone: 403.297.2634, email: adrienne.wong@asc.ca.
2. You may be represented by legal counsel and you or your counsel may make representations and introduce relevant evidence.
3. If you or your counsel fail to attend on Tuesday November 24, 2015, at 9:30 a.m., or as directed, the hearing may proceed in your absence and an order may be made against you without further notice.

*See attached sections 29, 198, 199, and 202 of the Act, and Commission Rule 15-501 – Rules of Practice and Procedure for Commission Proceedings.*

## Allegations

### *Parties*

1. Douglas John Vermeeren (**Vermeeren**) is a resident of Calgary, Alberta. At all material times, Vermeeren was the sole director and officer of Calgary-based Monthly Millionaire Mentor Ltd. (**MMM**).
2. At times, Vermeeren operated under various trade names, including Monthly Millionaire Mentor Inc., Top Achievers Circle and Windfire Productions, Business Boost Inc. and Business Boost.

### *Circumstances*

#### Illegal Trading

3. From approximately December 2011 to April 2014, Vermeeren entered into loan agreements, some evidenced by promissory notes (the **Loan Agreements**), with at least 72 investors from Alberta and elsewhere in Canada. Vermeeren raised in excess of \$1.3 million pursuant to the Loan Agreements.
4. The terms of the Loan Agreements varied from 3 to 24 months at varying interest rates of 7 to 10%. The Loan Agreements named either Vermeeren, MMM or Vermeeren's trade name Business Boost as the "Borrower".
5. Some investors received periodic updates entitled "Investment Report" from Vermeeren. The Investment Reports indicated the total amount of returns on each investment as well as details of the investment, including the "investment description", "investment date", and "investment amount".
6. Investors understood that their funds would be used for loans to third parties, usually small businesses. The Investment Reports described these loans as "venture capital lending".
7. Vermeeren gave presentations to potential investors, met with investors, handled investor money and communicated with investors regarding their investments.
8. Investors provided money to Vermeeren, to be used by Vermeeren, to gain profit from third party lending or "venture capital lending". The investors expected Vermeeren to make the efforts required to satisfy the obligations to pay interest on the monies given to Vermeeren. Investors were not required to do anything whatsoever to help generate the profits other than to provide their investment funds to Vermeeren. The venture capital lending was to be a common enterprise, with investors relying significantly on the efforts of Vermeeren to realize the expected profits.

9. Staff allege the investments detailed above constituted trades in securities, as those terms are defined in the *Act*. Further, Vermeeren, by his conduct, was engaging in, or holding himself out as engaging in, the business of trading in securities or exchange contracts. Staff further allege that these securities had not been previously issued, and that these trades were distributions under the *Act*.

10. At all material times, neither Vermeeren nor MMM was registered as a dealer in accordance with Alberta securities laws.

11. At the time of and in relation to the trades described above, no preliminary prospectus and no final prospectus had been filed with or received by the Executive Director of the Commission.

#### Misleading or Untrue Statements

12. Staff allege that Vermeeren made statements to an investor or investors that he knew or reasonably ought to know were misleading or untrue. Vermeeren stated that:

12.1 The invested funds would be used for “capital lending” or “venture capital lending”;

12.2 There were no risks associated with the investment or that their investments were “guaranteed” and that Vermeeren never lost money for investors; and

12.3 Vermeeren managed \$75 million in funds and made \$4 million per year.

13. Staff allege that Vermeeren made knowingly, or ought reasonably to have known that, the statements referred to paragraph 12 were misleading or untrue, in that:

13.1 a portion of the invested funds was used to pay personal expenses of Vermeeren or to pay returns to prior investors;

13.2 there was no basis for the representation that the investments involved no risk nor were guaranteed, and most investors lost some or all of the amounts invested with Vermeeren; and

13.3 there is no evidence to support the representations with respect to the amounts Vermeeren alleged he made and managed.

#### Fraud

14. Staff allege that Vermeeren directly or indirectly engaged or participated in acts, practices, or courses of conduct relating to the aforementioned securities that he knew or reasonably ought to have known would perpetrate a fraud on investors. The particulars of the fraudulent conduct engaged in by Vermeeren include:

14.1 Converting investment funds for personal use, or using investment funds to pay returns to other investors;

