

ALBERTA SECURITIES COMMISSION

NOTICE OF HEARING

Citation: Re Cadman, 2015 ABASC 522

**Date: 20150106
Docket: ENF-008654**

To: Ronald William Cadman and Travis Alfred Cadman

Notice: The Alberta Securities Commission (the **Commission**) will convene at **9:00 a.m.** on **Wednesday, January 28, 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 (*Act*).

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

Procedure:

1. You may obtain disclosure and particulars of the allegations in this Notice from Natasha Bazant, c/o Alberta Securities Commission, 600, 250 - 5 Street SW, Calgary, Alberta, T2P 0R4, telephone: 403-297-4846, email: natasha.bazant@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 Wednesday, January 28, 2015, at 9:00 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

Summary of Breaches

4. Staff of the Commission (**Staff**) allege that Ronald William Cadman (**Ron Cadman**) and Travis Alfred Cadman (**Travis Cadman**) (the **Respondents**) breached section 93.2 of the *Act* by failing to comply with a written undertaking given to the Executive Director of the Commission (**Executive Director**).
5. Staff allege that the Respondents acted contrary to the public interest.

Parties

6. Ron Cadman is an individual who at all material times resided in Sylvan Lake, Alberta. Ron Cadman is a co-founder, director and officer of CBI Investments Ltd., an Alberta corporation, formerly known as Keystone Real Estate Investment Corp. (**Keystone**) and a co-founder, officer and director of Frank Capital Partners Inc., formerly known as CBI Capital Inc., an Alberta corporation that was continued on as a federal corporation.

7. Travis Cadman is Ron Cadman's younger brother. At all material times, Travis Cadman resided in DeWinton, Alberta. Travis Cadman is also a co-founder, director and officer of CBI Investments Ltd. and Frank Capital Partners Inc.

8. Travis Cadman, through Cadman Investments Ltd., or Ron Cadman, through 744988 Alberta Ltd., (or both), are shareholders in the following corporations: 1124344 Alberta Ltd., 1124352 Alberta Ltd., Diamond Key Capital Corporation, Timber Rock Holdings Ltd., 1239694 Alberta Ltd., Lake House Capital Ltd., Lake House Investments Ltd., Keystone Business Park Inc., KBP Capital Corp., Arizona Capital Fund Inc., Arizona Acquisition Fund Inc., AZ Mortgage Corp., Chestermere Lands Development Corporation, and 1588787 Alberta Ltd. Ron Cadman and Travis Cadman are also directors and officers of these corporations. (Collectively, these corporations and CBI Investments Ltd. and Frank Capital Partners Inc., will be referred to as the **CBI Group of Companies**).

Circumstances

9. On or about 22 July 2008, Travis Cadman, Ron Cadman and Keystone entered into a Settlement Agreement and Undertaking with the Executive Director (**Agreement**), wherein Keystone, Travis Cadman and Ron Cadman admitted to breaching Alberta securities laws by:

- 9.1 making misrepresentations to the public in Keystone's advertising materials, during its investment seminars, and in two offering memoranda contrary to section 92(4.1) of the *Act*;
- 9.2 by acting as advisors or permitting other Keystone representatives to act as advisors despite the fact that none of them was registered to act in that capacity contrary to section 75(1)(b) of the *Act*; and

- 9.3 by failing to make certain filings within the requisite time frames contrary to sections 2.9 and 6.1 of NI 45-106.
10. As part of the Agreement, Travis Cadman and Ron Cadman agreed to pay \$100,000.00, and Keystone agreed to pay, \$50,000.00, as well as costs in the amount of \$10,000, to the Commission in settlement of the allegations against them.
11. Furthermore, as part of the Agreement, Travis Cadman and Ron Cadman gave a written undertaking to the Executive Director to resign all positions that each held as a director or officer of any issuer, and refrain from becoming or acting as a director or officer (or both) of any issuer for a period of two (2) years from the date of the Agreement (the **Undertaking**).
12. Starting in July 2008, in partial compliance with the Undertaking, the Respondents resigned their positions as officers and directors of all issuers in the CBI Group of companies.
13. Notwithstanding their resignations as directors and officers, as well as their Undertaking not to act as directors or officers (or both), the Respondents acted as *de facto* directors and officers of the CBI Group of companies throughout the 2 year period set out in the Undertaking.
14. Between July 2008 and July 2010, the Respondents, or each of them individually, acting as *de facto* directors and officers:
- 14.1 continued to maintain office space at CBI Investments Ltd. in Red Deer and CBI Capital Inc. in Calgary and attended those offices regularly;
 - 14.2 attended regular scheduled management meetings in Calgary and Red Deer;
 - 14.3 supervised and provided direction to the officers of CBI Investments Ltd. and CBI Capital Inc.;
 - 14.4 at times interviewed potential candidates and negotiated terms of employment, and had the final decision making authority on hiring employees of the CBI Group of companies including officers of CBI Investments Ltd. and CBI Capital Inc.;
 - 14.5 managed employees, including the sales team and marketing people of CBI Investments and CBI Capital Inc.;
 - 14.6 maintained signing authority over the bank account of CBI Investments Ltd.; and
 - 14.7 made, or authorized, all decisions related to the direction of the CBI Group of companies.

Breaches

15. As a result of the above, Staff allege that the Respondents breached section 93.2 of the *Act* by failing to comply with the Undertaking given to the Executive Director.

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

Calgary, Alberta, 6th January 2015.

) ALBERTA SECURITIES COMMISSION
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) *“Original Signed By”*

) David C. Linder, Q.C.
) Executive Director