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INC.

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Autorite des marches financiers

New Brunswick Securities Commission

Registrar of Securities, Prince Edward Island

Nova Scotia Securities Commission

Superintendent of Securities, Newfoundland and Labrador

Registrar of Securities, Northwest Territories

Registrar of Securities, Yukon Territory

Registrar of Securities, Nunavut

June 1, 2007

Dear Committee Members,

I am submitting my comments concerning the proposed National Instrument 31-103. The following pages will outline my dissertation on the topic.

I appreciate your efforts in investing the time to read and understand my point of view.

Sincerely,

Jeff Lund  
President – APFI

*The Alberta advantage is this place, this time and this future in history  
Providence means foresight with products and timely care  
Financial is geared towards rewarding our clients with consistent quality  
Incorporating services with innovation, integrity, trust and value*

I am of the opinion that the agenda of this proposed instrument is controlled by one segment of the financial industry and is geared toward eliminating another element of competition in the capital markets. While it is proposed under the guise of protecting the best interests of the consumer, it is lucid that it is actually protecting only the interests of the large institutions in furthering their goal of monopolizing investment opportunity. If the consumer has been involved in this process, where is the empirical evidence supporting the need for and desire of the public's "protection" here? Furthermore, where in the process was the public informed of this agenda? I have only recently seen a media release which touches briefly on the administrative changes in IDA processing and licensing, but does not even mention how this will affect the ability of the prevalent industries in Western Canada to raise capital quickly and efficiently. What is to become of the energy and real estate companies who rely on this method of financing expansion and the resultant job creation? What of the companies who are finders of capital for these companies and opportunities for their clients who finally get to realize "real returns" for their portfolios.

If someone on the RRP steering committee is willing to explain how this steering panel was appointed; and by whom, that would probably illustrate my point perfectly. No one in my segment of the industry (exempt securities) appears to have been invited which is pretty convenient for advancing one's self-serving agenda. Eliminating competitors on the panel helps eliminate competition in the marketplace. While trade associations such as the IDA and MFDA have their purpose, I fail to see how that gives them the right to lobby legislation whose purpose appears to be over regulating the competition to the point of putting many out of business. The method of regulating is also extremely misleading. The proposal purports to protect the consumer by having everyone earn a "securities license". The focus of my company is real estate financing either via mortgages or land limited partnerships. The content of the course has limited relevance – a few pages out of several hundred. Thus the public will be led to believe that I am an expert in these securities because I have passed this irrelevant securities course – not because I hold a mortgage license and have decade plus of experience.

The requirements for a small corporation under the new proposed rules would certainly put a business like mine under. The capital requirements are not out of line if I was a deposit taking institution, but I am not. I collect cheques and turn them over to reporting issuers, but I never have them payable to my company or trust account. So this requirement is not applicable. The financial institution bonds are also not applicable to my business model for the same reason. I would have no hope of obtaining such a thing as a small corporation. The only way to survive with this would be to join one of the companies I raise funds for. This would be an undesirable occurrence for my clients. First of all, I currently offer them several options of companies and investment structures for the purpose of diversification, appeal to different situations and ages, time horizons and overall appropriateness for each opportunity. If I join one company who can meet the requirements of the RRP, I have to offer only what they have – well some projects are better than others even from the same issuer, so this does not work for the best interests of the clients – THEREFORE, this RRP would NOT protect the consumer, only limit their choice in the capital marketplace.

The irony in all of this is that I have been able to find an under-serviced segment of the marketplace that are fed up with traditional investments and institutions. They are dissatisfied with the poor impersonal service and the lack of choice. I have worked in the industry for 12 years and have never had a complaint against me with the Alberta Insurance Council, nor with the AMBA, nor with the ASC. Yet I will be eliminated by the legislation as a viable alternative and my client base will be forced to find their own way during the maturation of

their investments. Speaking of that, if you put issuers out of business, how are they to complete their promises to their clients and finders? Has anyone thought of that? These are not cursed with liquidity and scandal like mutual funds. This is patient money that needs to mature to properly perform the expected levels of return. Forcing companies to change quickly or dissolve may jeopardize the projects already underway. That sounds like a very strange way to protect the consumer. Don't you agree?

I hope that integrity will prevail and that the RRP will not apply to the exempt market securities. The reasons I have summarized in my discourse surely will cast severe doubt on the validity of such an undertaking. I look forward to more disclosure from the bodies involved in advancing this seriously flawed proposal. I am most disturbed by the participation of the ASC in this process, knowing full well how entrepreneurial its' jurisdiction.

Sincerely,

Jeff Lund  
President - APFI