

13 June 2007,
Naramata, BC

Dear Sirs

Proposed regulatory reform

We (my spouse and I) were invited by CMV Financial to submit comments about the regulatory changes contemplated for people like us who invest in boutique opportunities. Although we had an inkling that changes were looming, we had no idea that what is contemplated will affect us adversely. So read no further to know that we oppose additional regulation in the type of investing that we do. Just stay out of our patch, we are doing well without you.

We can only speak from our experience, so this submission is personal but very real.

We decided long ago that investing with the big players like Mutual Funds, Insurance Companies and Banks was like bleeding slowly to financial ruin and miserable retirement. In the 1980's we were going with the crowd, believing in the slogans and the slickness of the financial industry. Between the two of us we held \$300,000 in sixteen mutual funds among which were a few winners (gains greater than the TSE) but mostly losers. It became obvious that "Big Brother Mutual Fund" was milking us for up to three percent of our wealth in annual fees, sharing their takings with advisers and an over-administered, over-regulated, paper-heavy industry. Of course, nobody in that fat world shared one iota of our risk.

We broke free from that pack in the early nineties because CMV pointed out that bareland mortgages were an investment opportunity that provided a steady flow of income, little risk and greater than average returns. After the initial signing of the mortgage, there were no annual reports, no sales pitches. More important we understood our investment; even visited the mortgaged land, and met with the land banking company staff. There was a steady stream of income into our SDRSP's. For over 10 years our NET return has been a steady 7 to 9% per year. Not spectacular, but we slept comfortably (like the Trimark customers were told to do, until that slick outfit tanked).

For the land developer, mortgages are an administrative headache and they are now difficult to find for investment purposes. CMV presented us with other opportunities. We invested in bonds to finance real estate investor in office buildings in Calgary, financed a factoring company, partnered in land banks and invested in actual land ownership. In all cases the investments were very clearly explained and we understood the risks and the rewards.

In one case we lost \$35,000 because we misjudged the business acumen of the principal of a factoring company (we actually met with him before investing!). Regulations would have made no difference in our decision to invest in that company.

We have bypassed other opportunities because we judged them to be too risky or too complex for our simple minds. Nobody has ever pressured us to invest in anything. There is a code of behaviour in our dealings with CMV that goes well beyond anything that could be dictated by regulation. It is called trust.

Over the last few years we have had an inkling that the regulator is not comfortable with the world of boutique investment. The BC Securities Commission invited us to make comment about a land banker whose compliance was not up to par. (we did not respond). We have had CMV asking us to disclose personal information because we were told that 'the regulator' wanted that. Something about 'knowing your client'. We refused to comply. We assure you that we know more about CMV and CMV knows more about us than we would ever commit to paper. And we refuse to commit our personal detail to paper because to us it is a gross invasion of privacy by government in our lives.

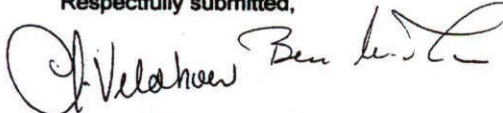
When we moved to BC we were met with a barrage of paper when we signed our first mortgage investment. A bad, long-winded, amateurish, frustrating experience after the seamless mortgage acquisitions that we made in Alberta. We found moving to another province to be a learning experience.

We therefore believe that standardization of security regulations in Canada should start with taking the jurisdiction with the least regulation as a base and simplifying from there. It would leave the small honest people without the flurry of incomprehensible fluff that now clouds the mutual funds, banks and insurance companies.

And it would make money work, rather than generate 'make-work' for the big player and for the regulator.

Please leave us be and allow the boutique financier like CMV Financial to help the small innovative and creative generators of wealth. The Conference Board of Canada tells us we as a country lack badly in those traits!

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ben and Theresa Veldhoen". The signature is written in a cursive style with a large initial "B" and "T".

Ben and Theresa Veldhoen